



AF  
EPW

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

UNDER GRANTED PETITION TO MAKE SPECIAL, in the matter of:

GROUP ART UNIT: 3621  
EXAMINER: Backer, F  
APPEAL NO.: Not assigned  
IN RE APPLICATION OF: C. Richard Triola  
SERIAL NO.: 09/833,390  
CONF. NO.: 3769  
FILED: April 11, 2001  
(Domestic Priority Claim to Provisional Appl. No. 60/198,785, filed April 20, 2000)  
TITLE: Method and Apparatus for Processing Escrow Transactions

To: COMMISSIONER OF PATENTS  
PO BOX 1450  
ALEXANDRIA VA 22313

RESPONSE TO SECOND NOTIFICATION OF NON-COMPLIANT APPEAL BRIEF

On January 4, 2006, a telephonic conference was held between the undersigned and Supervisory Examiner Trammel, James, regarding Appellant's pending Petition to vacate the Second Notification. No action as requested being taken on the Petition, Appellant, under protest that the original Appeal Brief was in fact compliant, hereby again submits another Appeal Brief to comply strictly with the Notification within the 30 day time limit.

Respectfully submitted,  
Friday, January 13, 2006  
C. Richard Triola

Richard Berg, Ladas & Parry  
by Eugene H. Valet, Reg. No 31435, Of Counsel  
//

BEST AVAILABLE COPY



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

UNDER GRANTED PETITION TO MAKE SPECIAL, in the matter of:

GROUP ART UNIT: 3621  
EXAMINER: Backer, Firmin  
APPEAL NO.: TBA  
IN RE APPLICATION OF: C. Richard Triola  
SERIAL NO.: 09/833,390  
CONF. NO.: 3769  
FILED: April 11, 2001  
(Domestic Priority Claim to Provisional Appl. No. 60/198,785, filed  
April 20, 2000)  
TITLE: Method and Apparatus for Processing Escrow Transactions

To: ASSISTANT COMMISSIONER OF PATENTS AND TRADEMARKS  
ALEXANDRIA VA 22313

BRIEF OF APPELLANT

SIRS:

This is an appeal from the final rejections by Examiner Backer, Final Office Action dated March 3, 2005, rejecting all of the pending claims in the case. A Notice of Appeal was filed by the Real Party in Interest, mailed via 1<sup>st</sup> Class USPS on March 22, 2005. This Brief is filed in conjunction with the requisite fee set forth in Sec. 1.17(f), by included form PTO-2038.

For the record it should be noted that this application is under a Grant of Petition to Make Special, issued by the U.S. Patent and Trademark Office ("USPTO" hereinafter) on Mar. 25, 2002, a COPY of which is attached in the Evidence Appendix as Exhibit TRIOLA 1.

# TABLE OF CONTENTS

Real Party in Interest.....	3
Related Appeals and Interferences.....	3
Status of Claims.....	3
Status of Amendments.....	4
Summary of Claimed Subject Matter.....	5
Grounds of Rejection to be Reviewed on Appeal.....	13
Arguments.....	14
(1) ANTICIPATION BY THE GRAFF PUBLICATION	
I. <u>General Lack of Anticipation</u> .....	15
II. <u>Specific Lack of Anticipation</u> .....	22
III. <u>Claim-by-Claim Rejection Analysis</u> .....	31
(2) FORM OF THE REJECTION .....	51
(3) SEQUENTIAL OFFICE ACTIONS BASED UPON "ROLLING REFERENCE REJECTIONS" .....	53
(4) INCONSISTENT OFFICE ACTION IN RE CO-PENDING PCT APPLICATION .....	55
Claims Appendix.....	57
Exhibit A (Claims in Clean Form)	
Evidence Appendix.....	61
Exhibit TRIOLA 1: Decision on Petition	
Exhibit TRIOLA 3: Triola Patent Appl. Pub. No. US2001/0047328	
Exhibit TRIOLA 4: PCT International Preliminary Examination Report	
Exhibit TRIOLA 5: U.S. Pat. No. 4,876,648 (Lloyd)	
Exhibit TRIOLA 6: copy 6 pp. Internet articles re Electronic Signature Act	
Related Appeals and Interferences Appendix.....	62

**REAL PARTY IN INTEREST**

Inventor C. RICHARD TRIOLA, an individual and a citizen of the United States of America.

Official correspondence in this Appeal should be addressed to:

Ladas & Parry LLP  
Richard Berg / Eugene H. Valet, Of Counsel  
5670 Wilshire Blvd, Ste 2100  
Los Angeles CA 90036-5679  
Tel. No. 323-934-2300  
Fax No. 323-934-0202

**RELATED APPEALS AND INTERFERENCES**

There are no related appeals nor interferences.

**STATUS OF CLAIMS**

Claims 4 through 21 are pending. Claims 1-3 were cancelled by Appellant Triola in response to a non-final Office Action issued before the appealed Final Office Action, mailed on March 3, 2005, and before citation by the Office of the reference-in-issue. Claims 4, 11, 14, 15, 16, 17 and 21 are independent claims. The pending claims in clean form are attached hereto in the CLAIMS APPENDIX.

All claims are rejected as anticipated pursuant to Sec. 102(e). A single reference is relied upon against all pending claims: U.S. Publ. No. US2002/0046144 A1 by R. A. Graff, published on Apr. 18, 2002 ("Graff Publ." hereinafter), on U.S. Pat. Appl. Ser. No. 09/785,254, filed Feb. 16, 2001 (a continuation of U.S. Ser. No. 09/134,451, filed on Aug. 14, 1998, now Pat. No. 6,192,347 ("Graff '347" hereinafter). A single chain-citation to the Graff Publ. is relied upon in each rejection.

**STATUS OF AMENDMENTS**

No amendment has been filed subsequent to the Final Office Action from which this appeal is taken.

The Final Office Action from which this appeal is taken is the eighth Office Action against the Triola application (four Actions prior to an RCE and four Actions following the RCE).

The claims were last amended in response to a non-final Office Action (the 6<sup>th</sup> Office Action), mailed Feb. 02, 2004, rejecting all then pending claims 1 - 21 as anticipated under Sec. 102(e) by a reference to U.S. Pat. No. 6,594,633 ("Broerman Patent").

The Feb. 02, 2004 non-final Office Action was replied to with amendments and arguments by Appellant Triola on April 22, 2004.

Said rejections under the Broerman Patent were dropped in a succeeding non-final Office Action (7<sup>th</sup>), mailed on July 26, 2004, in which the Graff Publ. was first raised.

Applicant filed a Reply thereto with extensive remarks but without amendments on Oct. 7, 2004.

The present Final Office Action, mailed March 3, 2005, repeats verbatim all of the rejections the non-final Office Action of July 26, 2004, with an added "Response to Arguments" by Examiner Backer.

## SUMMARY OF CLAIMED SUBJECT MATTER

In its broadest aspects, one can consider the present invention to be methods and apparatus related to computerization and adaptation to the Internet of real estate escrow procedures and documentation. Appellant Triola is President of Settleware Secure Services, Inc. (formerly known as EZEscrow, Inc.). Taken from the business web site ([www.settleware.com](http://www.settleware.com)), the services offered by Settleware include the product software and the methodologies incorporating the present invention, briefly described there as:

“Providers of the Complete Electronic & Paperless Real Estate Transaction!

In our professional and personal lives we're constantly looking for services that provide flexible options, mobility, time savings, and simplified communications.

We offer the only *end-to-end solution allowing for you to process your transaction in a paperless, electronic environment — viewing and signing documents at your own desktop — anytime, anyplace.*” (Emphasis added.)

For the convenience of the Board, the Triola Patent Appl. Pub. No. US2001/0047328, published Nov. 29, 2001, is attached hereto as Exhibit TRIOLA 3. Pursuant to complying with C.F.R. 41.37, each independent claim as currently pending, with references to the specification and drawings inserted, is provided in a subsection titled REFERENCE CLAIMS, *infra*.

In summary, the invention is best seen more or less in its entirety by reference to Triola Figures 1A, 1B and 1C, a contiguous flow diagram for a real estate escrow method and apparatus in accordance with an exemplary embodiment of the present invention, copied here as Exhibit TRIOLA 2:

1 TRIOLA EXHIBIT 2

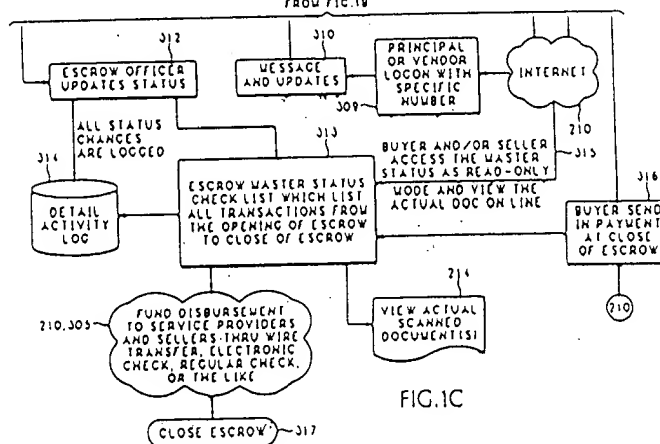
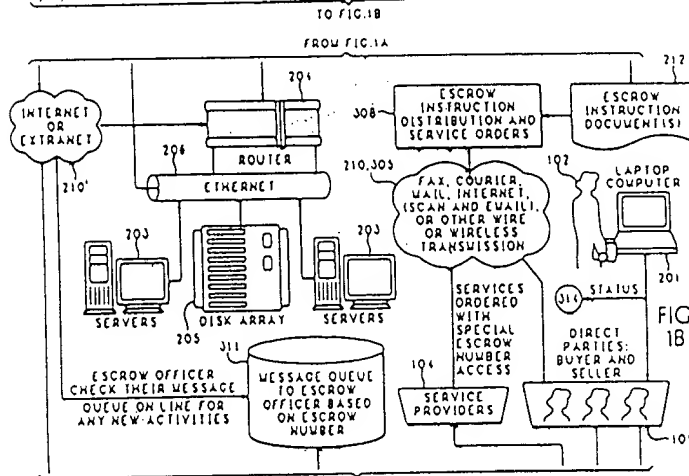
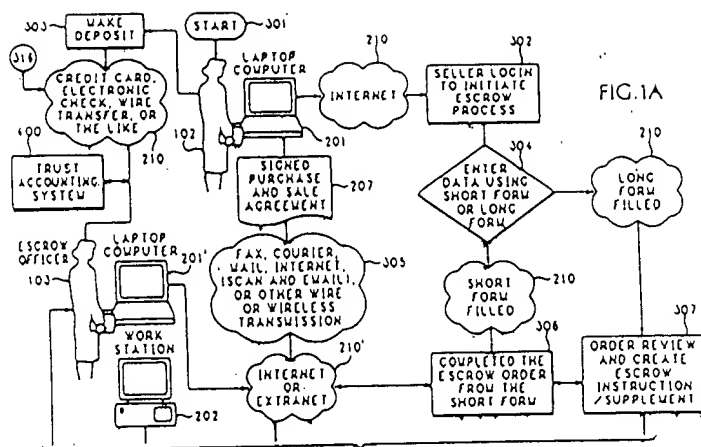


EXHIBIT NO. TRIOLA 2

1 In many jurisdictions, specialized "real estate escrow offices" and there employees are  
2 licensed to substitute for lawyers in effecting real estate buy-sell type transactions and a  
3 property title transfer from a Seller to a Buyer; an abundance of educational materials has  
4 been supplied by Mr. Triola throughout the prosecution of this application regarding the  
5 traditional functions of such escrow companies. As can be recognized from the FIG. 1A-1C  
6 diagramed hardware-software system and data flow, *supra*, a real estate escrow in  
7 accordance with the present invention is a somewhat complex process, involving a plurality of  
8 parties-in-interest - - e.g., Buyer(s) and Seller(s) 101, Real Estate Agent(s) 102, Escrow  
9 Officer(s) 103, and Service Providers 104 (e.g., property inspectors maintenance-repair  
10 personnel, banks, mortgage lenders, title insurance companies, recording offices, and the like).  
11 Each party may employ its own computing apparatus - - e.g., 201, 201', 203, 205 - - and  
12 networking and telecommunications apparatus - - e.g., 204, 210', 305 - - employing a variety of  
13 software systems - - e.g., 311, 314, 400.

14 As anyone who has ever purchased a piece of real property will be aware, the transfer of a  
15 piece of real property from a Seller to a Buyer involves a proverbial "mountain of paperwork,"  
16 including many long-winded, legal contracts or other documents generated by lawyers  
17 associated with each of the parties-in-interest. Prior to the Triola invention, the process and  
18 documentation generally was handled manually, using hard copy documentation. It is only via  
19 the Triola invention that all of the complex procedures and documentation - - see particularly  
20 Triola FIG. elements 207, 210, 305, 212, 316 - - can be processed "end-to-end" using  
21 computing and Internet technology.

## 22 REFERENCE CLAIMS

### 23 CLAIMS 4 -10 GROUP

24 4. (AS AMENDED) A Web-based client-server computer for escrow office related  
25 processes of real estate title transfer, comprising:



1 at least one client module {<sup>1</sup> e.g. Fig. 1A-1C 201 & p.9 [0026] II.12-14, p.17 & 11  
 2 [0031] I. 4 & p.14 [0042] II.19-21 & Figs. 2 & 3 entirety } associated with at least one client  
 3 party {e.g. Fig. 1A, 1B 101, 102} for initiating an escrow process {e.g. Fig. 1A-1C entirety}  
 4 with at least one escrow company {e.g. Fig. 1A 103, 201', 202, 203, Fig. 1B 204, 205, 206,  
 5 311 and Fig. 1C 312, 313, 314} ; and

6 at least one server module {e.g. Fig. 1B 203, 205, 311, p.8 [0023] I.10, [0024] I. 14 &  
 7 p.9 [0026] I. 12, 15, 17 & p.10 [0028] I. 5 & p.11 [0031] I. 4 & p.13 [0039] I. 20 & p. 14  
 8 [0042] 19, 20} associate with the escrow company as a server {e.g. Fig. 1B 203, 205, 311, p.8  
 9 [0023] I.10, [0024] I. 14 & p.9 [0026] I. 12, 15, 17 & p.10 [0028] I. 5 & p.11 [0031] I. 4 & p.13  
 10 [0039] I. 20 & p. 14 [0042] 19, 20} party,

11 wherein a specific escrow account {e.g. Fig. 1A 400, 203, 205, 207, 212} between  
 12 said client party and said escrow company is established, maintained, tracked, and  
 13 consummated {e.g. Fig. 1A-1C in entirety} via said client-server computer system.

#### 14 CLAIMS 11 - 13 GROUP

15 11. (AS AMENDED) Computerized, on-line method for real estate escrow processes  
 16 performed by an escrow company holding an escrow account, the method comprising:

17 providing a computer {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 } based  
 18 automation system of components { e.g., 201, 201' and Summary of the Invention pp. 7 et  
 19 seq. and Detailed Description, particularly p.14 [0041] & [0042]}, including components  
 20 providing implementation, management, and tracking {e.g. Fig. 1A-1C entire flow} of the  
 21 escrow real estate transfer {e.g. Fig. 1A 400} wherein data {e.g. Fig. 1A 304, 210, Fig. 1B  
 22 308, 311, Fig. 1C 310, 312, 313, 314} and documents {e.g. Fig. 1A 207, Fig. 1B 212, Fig. 1C  
 23 214} for implementing, managing, and tracking the real estate escrow processes of a real  
 24 estate transfer {e.g. Fig. 1A-1C in entirety, Brief Summary of the Invention in entirety, p. 7

---

<sup>1</sup> References are inserted herein to be in compliance with C.F.R. 41.37(c)(1)(v) and merely for the convenience of the reader of this Appeal Brief; no limitation on the scope of the invention is intended nor should any be implied therefrom. Due to the nature of the invention (as opposed to e.g., a simple novel machine having piece parts), while every effort has been taken, no representation is made regarding the completeness as to each and every possible reference between claims and the specification.

et seq., and Detailed Description in entirety, pp. 14 et seq.) are accessible on-line {see e.g., Fig. 1A - 1C 102 + 210 + 302 path and 102 + 314 path, and 201' + 210' paths, and Fig. 1B 101 + 201 + 210 paths, and Figs. 2 & 3} for specific parties to said escrow account.

#### CLAIM 14

14. (AS AMENDED) A computerized process for a computerized on-line real estate escrow office account, the process comprising:

providing { e.g. Figs. 1A-1C, 2 and 3 in entirety, Brief Summary of the Invention in entirety, p. 7 et seq., and Detailed Description in entirety, pp. 14 et seq.} escrow account data { e.g. Fig. 1A 304, 210, Fig. 1B 308, 311, Fig. 1C 310, 312, 313, 314} and electronic documents,{e.g. Fig. 1A 207, Fig. 1B 212, Fig. 1C 214} escrow status, broker status, lender status, buyer status, seller status, and vendor status {e.g. Fig. 1B 314, Fig. 1C 312, 313, 314, 315 & p. 12 [0038] l. 16 & p. 13 [0039] l.2, 9 & p.18 [0049] l. 3, 6 & p.18 [0051] l. 19 - p. 19, l. 7, 10-11} via a centralized server {e.g. Fig. 1B 203, 205, 311, p.8 [0023] l.10, [0024] l. 14 & p.9 [0026] l. 12, 15, 17 & p.10 [0028] l. 5 & p.11 [0031] l. 4 & p.13 [0039] l. 20 & p. 14 [0042] 19, 20} associated with an escrow officer {e.g. Fig. 1A 103}; and

connecting parties {e.g. Fig. 1A 101, 102, 103, 104 and lead lines thereto} to said computerized {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 } on-line {e.g. Fig. 1A, 1C 210 & p. 8 [0041] l. 9, 15 & p.15 [0044] l.9, [0045] l. 15 & p.16 [0045] l. 5, 13, 17, & p. 17 [0048] l. 14 & p. 18 [0049] l. 1 & p.18 [0050] l. 9} real estate escrow office account {e.g. Fig. 1A-1C 400, 203, 204, 205, 206, 311, generally explained at p. 4 [0011] } using multiple computer network access devices {e.g., Fig. 1A 201, p. 8 [0041] in entirety} via connectivity types which include but are not limited to wireless, satellite, dial-up, or leased communications {e.g. Fig. 1A-1C 210, 210', 305}.

#### CLAIM 15

15. (AS AMENDED) A system for real-time or near-real-time real estate escrow company account processes and documentation, the system comprising:

on-line Internet {e.g. Fig. 1A, 1C 210 & p. 8 [0041] l. 9, 15 & p.15 [0044] l.9, [0045] l. 15 & p.16 [0045] l. 5, 13, 17, & p. 17 [0048] l. 14 & p. 18 [0049] l. 1 & p.18 [0050] l. 9} communications programs {e.g. Fig. 1A-1C entire flow};

associated with said Internet communications programs, appropriate data {e.g. Fig. 1A 304, 210, Fig. 1B 308, 311, Fig. 1C 310, 312, 313, 314} , electronic documents {e.g. Fig. 1A 207, Fig. 1B 212, Fig. 1C 214} , application and transactional management network programs {e.g. Fig. 1A 400, p. 16 [0046] l.6 & p. 14 [0041] 14 & p. 15 [0044] l. 11, 13 through p. 16, l. 14 & p. 17 [0047] l.3-4 } , and

including supporting network based applications {e.g. Fig. 1A-1C in entirety, Fig. 2, Fig. 3 } for performing at least one of the escrow services selected from a group including: receiving and storing escrow instructions upon submission by a party to the escrow transaction via a computerized communications device; disseminating instructions to all relevant parties by computer; providing escrow documentation; providing escrow documentation approvals; automating order specified services; real-time and near-real-time display of escrow instructions, status, and activity; on-line digital identification authentication; transfer of ownership; closing escrow; releasing of escrow funds; and digital transfer of escrow funds {e.g. escrow processes as individually explained in the Detailed Description starting at page 12; see also Summary of the Invention at page 8, para. [0024]}.

#### CLAIM 16

16. (AS AMENDED) A method of doing business in realty using on-line communications, the method comprising:

providing an on-line {e.g. Fig. 1A, 1C 210 & p. 8 [0041] l. 9, 15 & p.15 [0044] l.9, [0045] l. 15 & p.16 [0045] l. 5, 13, 17, & p. 17 [0048] l. 14 & p. 18 [0049] l. 1 & p.18 [0050] l. 9} escrow account {e.g. Fig. 1A-1C 400, 203, 204, 205, 206, 311, generally explained at p. 4 [0011] } for parties {e.g. Fig. 1A, 1B 101, 102, 103, 104} to a transaction;

providing on-line transactional account management services {e.g., Fig. 1A-1C in entirety, see 400; Detailed Description in entirety, p. 12 et seq. } with respect to the on-line escrow account for said parties; and

1 providing secure access {e.g., Fig. 1A-1C lead lines to parties 101, 102, 103 & p. 16  
 2 [0045] 20 - p. 17, I.1} to said on-line escrow account limited to the parties and third parties  
 3 {e.g. p.17 [0048] I.17 } using on-line identification authentication.

#### 4 CLAIMS 17 - 20 GROUP

5  
 6 17. (AS AMENDED) A computer memory having a program for real estate escrow  
 7 company accounts comprising:

8 program code {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 programming  
 9 thereof } providing a client e.g. Fig. 1A-1C 201 & p.9 [0026] II.12-14, p.17 & 11 [0031] I. 4 &  
 10 p.14 [0042] II.19-21 & Figs. 2 & 3 entirety} -server {e.g. Fig. 1B 203, 205, 311, p.8 [0023]  
 11 I.10, [0024] I. 14 & p.9 [0026] I. 12, 15, 17 & p.10 [0028] I. 5 & p.11 [0031] I. 4 & p.13 [0039]  
 12 I. 20 & p. 14 [0042] 19, 20} based automation system {e.g. Fig. 1A-1C in entirety & Detailed  
 13 Description in entirety, p. 12 et seq. } for said real estate escrow company accounts {e.g.,  
 14 Fig. 1A-1C in entirety, see 400; Detailed Description in entirety, p. 12 et seq. };

15 program code {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 programming  
 16 thereof } providing implementation, management, tracking, electronic documentation, and  
 17 closing of specific escrow company accounts; and

18 program code {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 programming  
 19 thereof } allowing escrow data {e.g. Fig. 1A 304, 210, Fig. 1B 308, 311, Fig. 1C 310, 312,  
 20 313, 314} access only for specific parties {e.g., Fig. 1A-1C lead lines to parties 101, 102,  
 21 103 & p. 16 [0045] 20 - p. 17, I.1} to said escrow company accounts.

#### 22 CLAIM 21

23 21. (AS AMENDED) A computer based automation system for escrow processes and  
 24 documentation using Internet computing technology, said system comprising:

25 means {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 programming  
 26 thereof} for implementing, managing, and tracking real estate transfer and real estate  
 27 financing processes {e.g. Fig. 1A-1C in entirety and Detailed Description p. 14 et seq. in

entirety} by and among principal parties {e.g. Fig. 1B 101 & p.15 [0044] in entirety} and their agents {e.g., Fig. 1A 102 and Fig. 1B 104 & p. 15 [0044] l. 6, 7} with respect to an escrow company account {e.g., Fig. 1A-1C in entirety, e.g. 400, 203, 205, 207, 212 as a specific} requiring said processes {Fig. 1A-1C in entirety; Detailed Description p. 14 et seq. in entirety} and documentation { Fig. 1A 304, 210, Fig. 1B 308, 311, Fig. 1C 310, 312, 313, 314} ; and

means {e.g. Fig. 1A-1C 201, 201', 202, 203, 204, 205, 206, 311 programming thereof} for providing data { Fig. 1A 304, 210, Fig. 1B 308, 311, Fig. 1C 310, 312, 313, 314} and documents {Fig. 1A 207, Fig. 1B 212, Fig. 1C 214} associated with said implementing, managing, and tracking such that said data and documents are accessible to said principal parties thereto and their agents and officers of said escrow company account via Internet {FIG. 1A-1C 210, 210' & paras. [0007], p. 7, ll. 9-12 & [0019], p.7, ll. 15-17 & [0022], [0023], p. 8, ll. 5-12 & [0030], p. 10, l. 20 & [0036] p.12, l. 5 and FIG. 4 & p. 12, l.11 & p. 13, l.4 & p. 14, l. 9, 15, & p. 15, l.9, 15 & p. 16, l. 5, 13, 17, & p. 17, l. 14 & p. 18, l. 1, 9}.

3 (1) whether the Graff Patent anticipates the Triola invention under Sec. 102(e), and  
4 whether the Examiner Response to Arguments has any merit;

6 (3) whether sequential Office Actions based upon “rolling reference rejections” are invalid  
7 under the MPEP; and

11 each of which comprises a ground for grant of this Appeal.

Page 13 of 62

## ARGUMENTS

### INTRODUCTION

There are two components to the application of the single reference Graff Publ. by Examiner Backer.

The Final Office Action from which this Appeal is taken rejects all pending claims. The Final Office Action, in para.5-19, rejects each and every pending claim, but only on the exact same Graff reference chain-citation against each claim, namely:

“(fig 1, paragraphs 0854-0861, 0866, 1162, 1205, 1219, 1260, 1280)...”,

appended to a direct paraphrasing of Triola claim elements. No reasoning is provided by Examiner Backer regarding the chain-citation. No direction is given as to which of the chain-citation elements relates to the specific elements of the claim rejected thereon. No actual language from the Graff Publ. itself is provided relative to the claimed or claimable subject matter of Triola claim elements.

First, appellant Triola will show that the Graff Publ. reference, either as relied upon in the chain-citation or in its entirety, is in no way anticipatory of the invention described by the Triola application-on-appeal and that the examination procedures applied are fatally flawed.

Secondly, in the Final Office Action, Response to Arguments, page 7, para. 20, Examiner Backer makes his one and only indication of his entire position when he states *inter alia*:

“Applicant especially emphasized that the prior art fail [sic, *fails*] to teach an inventive concept of an escrow company performing real estate transaction [sic, *transactions*].”

This a mischaracterization of Appellant Triola’s extensive Remarks in response to the Office Action first citing the Graff Publ. and of the many explanations made over the years in

1 response to the prior seven Office Actions. The Triola concept is not simply "...an escrow  
 2 company performing real estate transaction[s]." This allegation evidences a lack of attention to  
 3 or understanding of what is claimed by Triola - - summarily, the claimed methods and  
 4 apparatus for computerizing and "Internetizing" real estate transactions using an escrow as  
 5 described in the SUMMARY OF THE CLAIMED SUBJECT MATTER, *supra*. Appellant Triola  
 6 further addresses Examiner Backer's Response hereinafter.

## 7 **ISSUE (1): ANTICIPATION BY THE GRAFF PUBLICATION**

8 Keeping in mind that Examiner Backer has used the same exact chain-citation to the Graff  
 9 Publ. for every individual pending claim, it can be recognized that all claims can be discussed  
 10 as a group. That discussion follows immediately in subparts I. and II.. In keeping with 37  
 11 C.F.R. 41.37(vii), Appellant Triola will also present a claim-by-claim to Graff Publ. comparison  
 12 argument thereafter in subpart III.

### 13 I. General Lack of Anticipation

14 The Graff Publ. text paragraphs - - "0854-0861, 0866, 1162, 1205, 1219, 1260, 1280" - -  
 15 specifically relied upon by the Examiner Backer in the chain-citation are unequivocally only  
 16 verbatim copies of paragraphs of commercially available contract forms that Graff provides  
 17 merely, in his own words, as "specimens" (Graff Publ., page 5, title "IV. BRIEF DESCRIPTION  
 18 OF THE DRAWINGS AND SPECIMENS") - - which appear in the Graff Publ. from para [0303]  
 19 through [2982] (which is the last para. before the claims). Specifically in the page 5, title IV  
 20 paragraphs, the Brief Description of said Specimens 3-6 in the Graff Publ., at page 6, para.  
 21 [0080] - [0083], each state:

22 "Specimen \_ is *an example of a financial document...*" (emphasis added).

23 In other words, these Graff Publ. Specimens 3-6 (collectively referred to more simply  
 24 hereinafter as "Specimens") are merely slavishly copied, form contract documents. These are  
 25 *exemplary legal documents* inserted into the Graff application. These Specimens are not at all



1 a detailed description of Graff's alleged invention itself. It must be recognized that the  
2 description of the details of the alleged Graff invention starts on page 5 at para. [0069] and  
3 ends on page 22 at para. [0302], none of which are cited by Examiner Backer; the remaining  
4 343 pages of the Graff Publ., and all the cited paragraphs, are merely the legal contract  
5 document Specimens. In other words, beyond Graff Publ. Fig. 1 (discussed hereinafter),  
6 Examiner Backer's entire rejection argument chain-citation relies on text sections - -  
7 "...paragraphs 0854-0861, 0866, 1162, 1205, 1219, 1260, 1280..." - - of the Graff Publ. that  
8 are a form contract document Specimens, not on the description of Graff's alleged invention,  
9 the Detailed Description of which is in the Graff Publ. para. [0084] - [0302], ending prior to the  
10 exemplary Specimens.

11 Sec. 102(e) requires that "... *the invention* was described in...." the cited reference (emphasis  
12 added). Verbiage extracted, or in this case copied verbatim, from contract document  
13 Specimens do not and can not describe the Triola invention. In their entirety they constitute  
14 mere exemplary legal verbiage within a contract for "*decomposition of a property*," proving only  
15 that legal contracts exist which include terms for using an escrow under the contract terms and  
16 conditions.

17 Appellant Triola does not claim to have invented legal rights, obligations, nor duties of parties  
18 as are commonly found in contract documents as exemplified by the Graff Specimens.  
19 Looking to Appellant Triola's FIG. 1A-1C, *such document types are shown for example as*  
20 *element 207 and element 212*. Thus, to accept Examiner Backer's argument is to conclude  
21 that such legal documents are an enabling disclosure of the entire inventive hardware-software  
22 real estate escrow scheme of FIG. 1A-1C.

23 As this is obviously an illogical conclusion, it is submitted that the chain-citation is immaterial to  
24 the Triola application and must be thrown out as irrelevant.

25 The only remaining ground for rejection is "Fig. 1" of the Graff Publ., which when understood in  
26 context must be considered "Prior Art."

1 In fact, whether looking at the Graff Publ. Fig. 1 or the rest of its disclosure in its own words, it  
2 can be seen that there is no disclosure relevant to the Triola invention. The Graff Publ. is only  
3 concerned about a *system and method for financially analyzing a mere proposal to*  
4 *decompose property into separately valued components, where the proposal is based upon*  
5 *terms and conditions in such a form contract to decompose property as shown in Specimens*  
6 3-6. In Graff's own words on page 1:

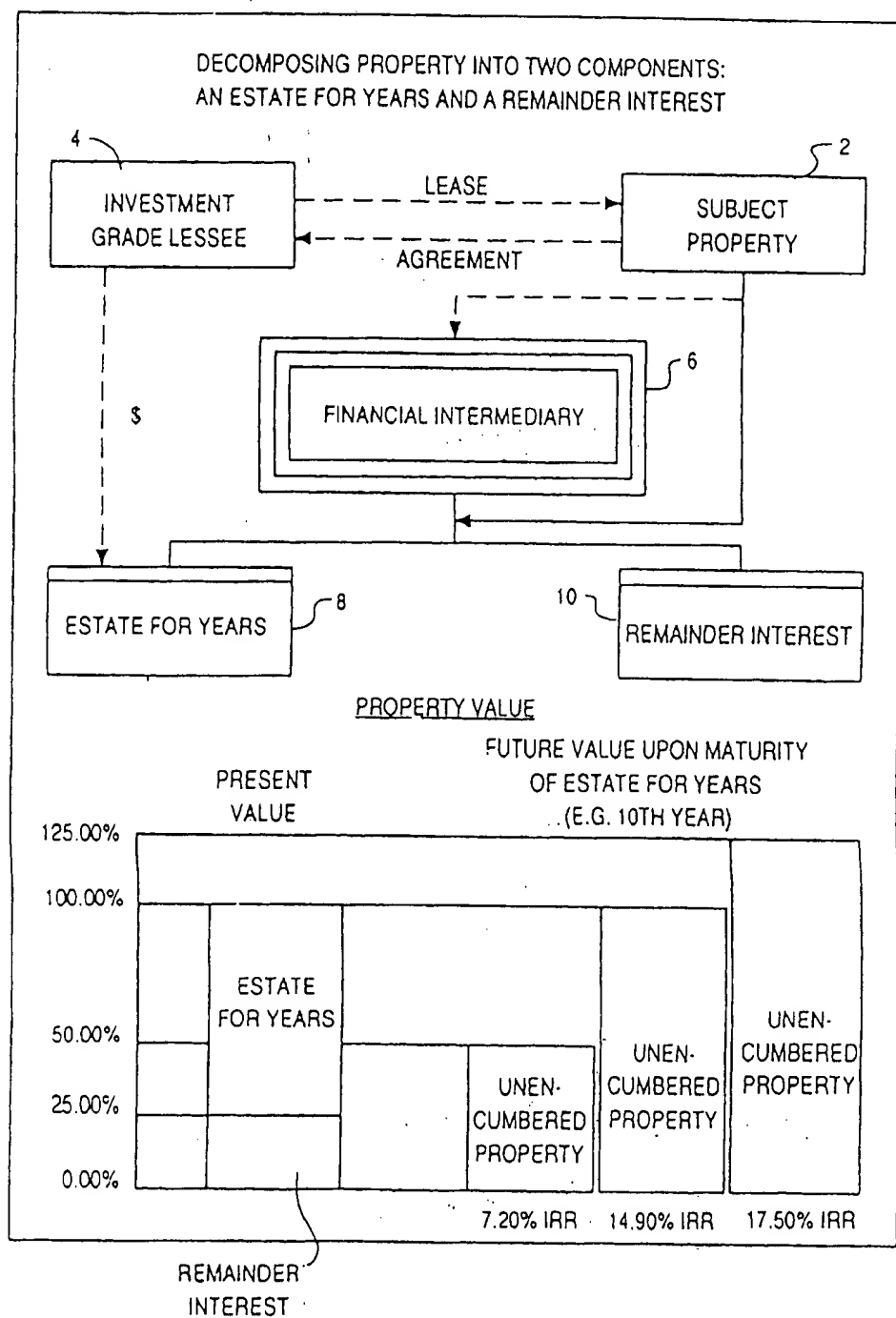
7 "[0002] This invention concerns a digital, electrical computer and a data processing  
8 system, and methods involving the same, applied to the *financial fields* of securities,  
9 real estate, and taxation. More particularly, this invention relates to a computer system  
10 for *supporting a financial innovation* involving the *securitization of property by its*  
11 *decomposition into at least two components*. \*\*\* The computer system *computes the*  
12 *respective values and investment characteristics of the components*, and *produces*  
13 *documentation thereof, to facilitate financial transactions involving the separate*  
14 *components*." (Emphases added.)

15 In its Detailed Description, beginning on page 5, para. [0069], Graff sets forth a financial  
16 analysis of a proposed contract - - namely using the given verbatim contract "SPECIMENS"  
17 *proposed financial terms and conditions* - - for computing "the respective values and  
18 investment characteristics of the components." The proposed "decomposition" of the property-  
19 of-interest and proposed financial terms are extracted from such Specimens for use in those  
20 computations. Again, in his words, the Graff Publ. FIG. 1 is " [0071]...a graphic representation  
21 of a separated purchase transaction in accordance with the present invention":

GRAFF Fig. 1

Patent Application Publication Apr. 18, 2002 Sheet 1 of 17 US 2002/0046144 A1

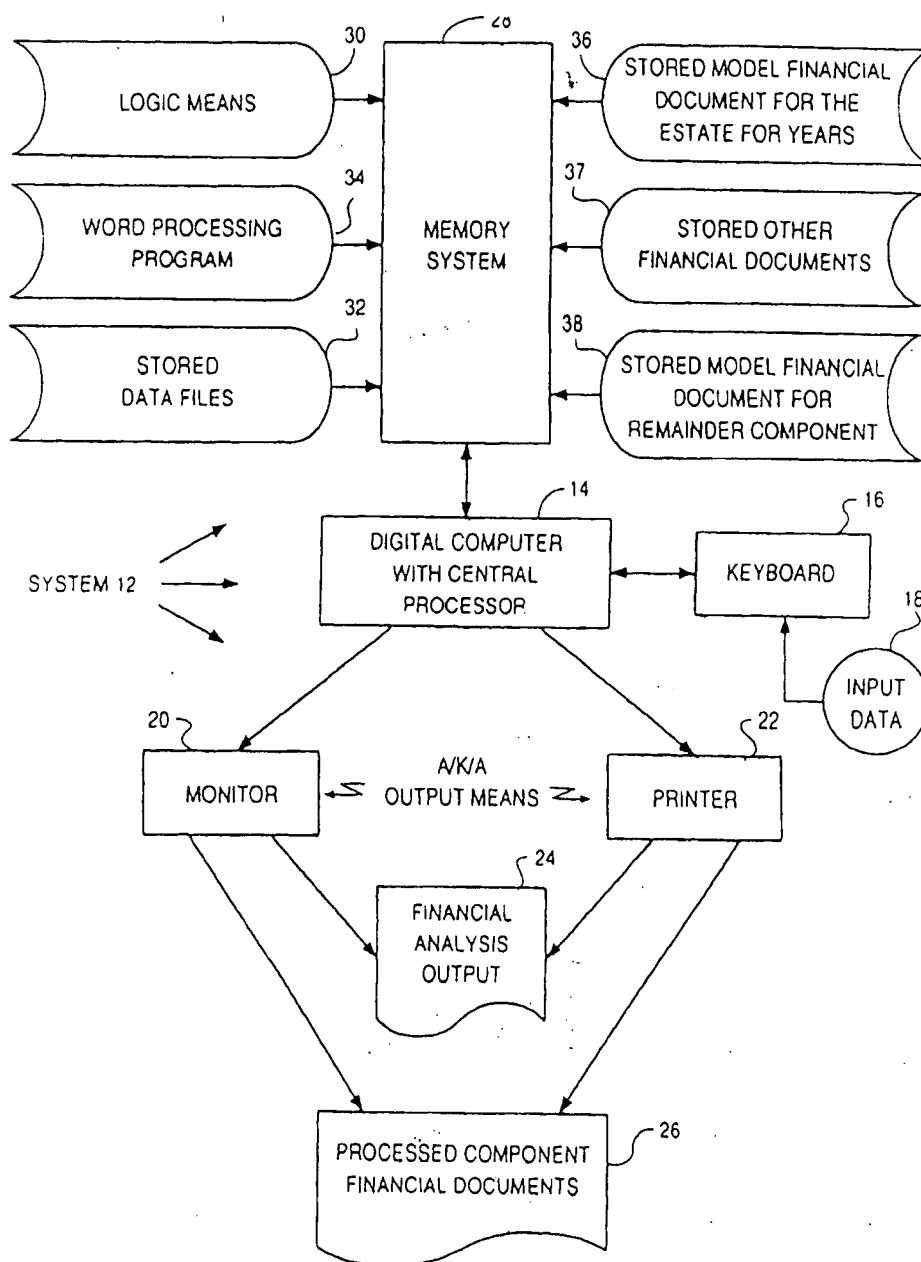
Fig. 1



1 and FIG. 2 - - "[0072]...a diagram representing the electrical computer system and its input  
2 and output in accordance with the present invention":

Patent Application Publication Apr. 18, 2002 Sheet 2 of 17 US 2002/0046144 A1

Fig. 2



1 The output results from the financial analysis by this computer system is the “*documentation*”  
 2 giving each of the parties the “...*respective values and investment characteristics of the*  
 3 *components*,” *supra*, so that they can determine decide whether entering the exemplary  
 4 *Specimen contract is a wise decision or not before signing such a binding contract*; or as  
 5 defined in the Graff Publ.’s own independent claims:

6 “A method for making financial analysis output....”

7 This alleged invention of the Graff Publ. is described in and distinguished from the Triola  
 8 invention in more depth under subtitle II. hereinafter.

9 Overall, the Graff pre-contract financial analysis method and apparatus, has nothing to do with  
 10 the Triola invention nor his patent application claims. Nothing in the Graff Publ. discloses,  
 11 suggests, nor motivates the Triola invention, namely in general that the duties/functions  
 12 performed by a real estate escrow company and the parties-in-interest involved therein via an  
 13 executed buy-sell contract could be conducted start-to-finish, “*end-to-end*,” electronically by  
 14 computers and via the Internet or a like network. There is no mention by Graff in the  
 15 description of his invention nor in his claims which anticipates of the functions/duties that are  
 16 performed during an escrow in a real estate transaction, from opening to a successful closing,  
 17 as understood by Triola in conception of the present invention.

18 In the Final Office Action, Response to Arguments, page 7, para. 20, Examiner Backer alleges:

19 “Applicant especially emphasized that the prior art fail [sic, *fails*] to teach an inventive  
 20 concept of an escrow company performing real estate transaction [sic, *transactions*].”

21 Again, this a mischaracterization or a failure to understand Appellant Triola’s extensive  
 22 Remarks in response to the Office Action first citing the Graff Publ. and in response to the six  
 23 prior Actions. The Triola concept is not simply “...an escrow company performing real estate  
 24 transaction[s].” This allegation evidences a lack of attention to or understanding the claimed  
 25 methods and apparatus for computerizing and “Internetizing” real estate transactions using an  
 26 escrow as described in the SUMMARY OF THE CLAIMED SUBJECT MATTER, *supra*.

1 For the main part, there is no claim by Triola such as:

2 A method of doing business comprising: an escrow company performing real  
3 estate transactions...”,  
4 to warrant such a Response. The Triola concept in all its complexity is described in Part II.  
5 hereinafter, differentiating it from such a specious allegation.

6 In this same vein, in paragraph 20 of the Action, Examiner Backer makes the conclusory  
7 statement:

8 “Graff clearly teach(es) [sic] an Escrow Agent acts hereunder as a depository [sic,  
9 depository] only and is not responsible or liable in any manner whatsoever for . . .”,

10 then inserting much more verbiage which is again just the Graff “Specimen” contract language.

11 The meaning of this statement is vague and ambiguous. Even if the Graff Publ. taught such a  
12 fact - - and Appellant Triola finds no language in the Graff Publ. itself to support such a fact  
13 (which is logical since it is well known to persons skilled in the art that escrow companies do  
14 indeed have very many legal obligations and duties) - - this alleged fact does not seem to  
15 have anything to do with the Triola application. In other words, Examiner Backer seems to be  
16 admitting that the Graff Publ. teaches only an Escrow Agent acting as a depository function  
17 only. This is directly contrary to what is shown in Triola’s FIG. 1A-1C and claimed by Appellant  
18 Triola.<sup>2</sup> It therefore seems to be a declaration-against-interest by the Examiner. Moreover,  
19 arguendo, Triola’s inventive concept is not merely for a such a “depository only” method and  
20 apparatus, it is for a method and apparatus for a novel, non-obvious “*end-to-end solution*  
21 *allowing for you to process your transaction in a paperless, electronic environment — viewing*  
22 *and signing documents at your own desktop — anytime, anyplace.*”

23 By Examiner Backer’s line-of-reasoning, there can be no patents on computerization methods

---

<sup>2</sup> Proceeding contrary to the wisdom of the prior art is “strong evidence” of non-obviousness. W.L. Gore & Assoc., Inc. V. Garlock, 220 USPQ 303 (CA FC 1983).

or apparatus of any procedures where there can be shown to be published documents in existence prior to the applicant's reduction to practice. For example, in a PTO-1449, filed May 1, 2002, Appellant Triola supplied a listing of eleven U.S. patents which for the most part were issued for methods and apparatus related to the computerization of property mortgages and the like. For example, listed U.S. Pat. No. 4,876,648 (Lloyd), filed Jan. 12, 1988, issued Oct. 12, 1989, is to an invention for a SYSTEM AND METHOD FOR IMPLEMENTING AND ADMINISTERING A MORTGAGE PLAN. See Evidence Appendix, Exhibit TRIOLA 5, cover sheet only. Obviously it is well known to persons skilled in the art that, hard copy legal contracts for property mortgages and manually handling such were in existence, in the public domain, long before these patents were filed or issued. According to Examiner Backer's argument in its entirety, these patented inventions were anticipated by such well known documents. Moreover, according to such a line of reasoning, the Graff alleged invention is not patentable because financial analysis of contract terms are well known from hard copy contracts and generally accepted accounting practices and forms used therein to conduct such analysis.

The weight of the evidence against the rejection of the Triola application in view of the Graff Publ. is overwhelming. It is respectfully requested that this Appeal be granted on this ground.

## II. Specific Lack of Anticipation

### A. The Fields of Invention are Divergent

First, note carefully that the problem the Graff Publ. is addressing is in the field of **analyzing financial worth for divided properties**, a pre-contractual process. For example, Graff, in his own words, describes only (emphases added):

"COMPUTING TO SUPPORT **DECOMPOSING PROPERTY** INTO **SEPARATELY VALUED COMPONENTS**" (Title, emphases added);

and,

1           “...manipulating digital electrical signals *to produce an illustration of a*  
2           *decomposition of property into separately valued components.*” (Abstract,  
3           emphases added);

4           and further,

5           “...the input data characterizing *at least two components decomposed from the*  
6           *property...*” (Abstract, emphasis added).

7           Still further, note that in the Graff Publ.’s Fig. 1, specifically relied upon in the Action, there is  
8           shows a single bounding box titled:

9           “*DECOMPOSING PROPERTY INTO TWO COMPONENTS: AN ESTATE FOR YEARS*  
10           *AND A REMAINDER INTEREST*” (emphases added);

11           and yet again, by Graff’s own admission, his concern is,

12           “More particularly, this invention relates to a computer system for supporting *a financial*  
13           *innovation involving the securitization of property by its decomposition into at*  
14           *least two components.* One component can be an estate for years component and a  
15           second component can be a remainder interest. The computer system *computes the*  
16           *respective values and investment characteristics of the components,* and  
17           produces documentation thereof, *to facilitate financial transactions involving the*  
18           *separate components.*” (The Graff Publ. Page 1, partial para. [0002] (emphases  
19           added); see also para. [0019] et seq. to the same effect),

20           In Graff’s own words, the problem being addressed is that *in advance of any actual title*  
21           *transfer transaction,* he is addressing the pre-contractual problems of:

22           “[0052] In general, determining a schedule of economic benefits associated with  
23           various equity interests in the entity, valuing the tax deductions associated with the



1 components, and pricing of the components as fixed-income securities, are  
2 computation-intensive procedures.”

3 The Graff Publ.’s para. [0053] - [0066] listing objects of the invention, define in his own words  
4 that he is seeking to automate this *pre-transfer transaction analysis, e.g.*,

5 “[0068] ...to compute the following: (1) the optimal choice of the estate for years term to  
6 maximize profitability of the components; (2) whether risk characteristic of either  
7 component are appropriate for inclusion in a prospective investor’s portfolio; and if so,  
8 (3) whether an **expected** return **justifies** the system-determined purchase price.”  
9 (Emphases added.)

10 Additionally, to the same effect, in one of the specifics relied upon by the Office,

11 “[0071] FIG. 1 is a graphic representation of **a separated purchase transaction** in  
12 accordance with the present invention.” (Emphasis added.)

13 And, in para [0085], Graff further admits that,

14 “FIG. 1 illustrates *the nature of the financial innovation that gave rise to the need* for  
15 *the computer system and methods of the present invention.*” (Emphasis added.)

16 Apparently, Graff should label his FIG. 1 “(Prior Art)” as he admits it is not part of his invention  
17 but is merely a known “financial innovation that gave rise to the need....” That “financial  
18 innovation” is by definition, pre-transfer analysis. By his own words, Graff’s alleged invention  
19 description does not start until para. [0117],

20 “...a computer system for manipulating digital electrical signals *to produce an illustration*  
21 *of a decomposition of property* into separately valued components.” (Emphasis added.)  
22

23 Obviously the problems and objectives are clear from this small sampling of Graff’s own

admissions of his co-pending application; Appellant Triola can continue cite many more such distinguishing paragraphs defining the immateriality of the Graff Publ. But the point has been made inextricably. Over and over, Graff's own words prove he is focused on the *financial problems and analysis related to a dividing a single property into separate legal constructs* and only describes an alleged invention related thereto financial concerns related to the separate legal constructs. Those skilled in the art know that these are *financial analysis processes and procedures* taken by prudent potential purchasers *prior to executing a contract for purchase or other legally binding title transfer*. Thus, these are not related to escrow office processes and procedures which are *post-contract execution*. In other words, such financial analysis is by definition a pre-purchase-and-sale contract analysis, and purchase-sale contracts are prerequisite even to looking for an escrow company to handle subsequent activities leading to finalization of a purchase-sale and title transfer between seller and buyer. Thus, by definition, this has no relationship to Triola's described invention and claims thereto.

The Graff Publ., at page 6, continuing his "BRIEF DESCRIPTION OF THE DRAWINGS....," presents a description of later included copies of "financial documents" which describe some known constructs for "decomposed" properties:

"[0080] Specimen 3 is an example of a financial document for an *estate for years* real estate *component...*";

"[0081] Specimen 4 is an example of a financial document for a *remainder* real estate *component...*";

"[0082] Specimen 5 is an example of a financial document for securitization of a *remainder* real estate *component...*";

"[0083] specimen 6 is an example of a financial document for securitization of a *remainder* real estate *component...*"

By definition these types of documents are legal documents for known manners of breaking up a property. An "estate for years" is a legal construct generally part of Probate Law which gives the holder a limited property right, the most common is an "estate for life":

1 "Definition: [n] (law) an estate whose duration is limited to the life of the person holding  
2 it" See e.g., [www.hyperdictionary.com/search.aspx?define=estate+for+life](http://www.hyperdictionary.com/search.aspx?define=estate+for+life),

3 wherein the rest of the legal rights with respect to the broken property are known as the  
4 "remainder." In other words, a person/holder may wish to live on a property for their life, or a  
5 given number of years, but have the "remainder" rights automatically pass to the other parties  
6 to the contract - - e.g., heirs, beneficiaries, or the like - - upon the estate holder's death or  
7 expiration of the term.

8 Note additionally that The Graff Publ.'s paragraphs [0080] - [0083] point out that his  
9 "Specimens" are mere examples of "financial documents" which are,

10 "...constructed based on data in the data table and by means of the computer system,  
11 in accordance with the present invention."

12 Over-and-over, by Graff's own definition, these are merely "Specimens" of documents which  
13 incorporate the pre-transaction financial analysis data. In other words, the Graff "Specimens"  
14 are mere samples of financial documents and not detailed descriptions of Graff's alleged  
15 invention at all.

16 Obviously, neither Graff nor anyone else can claim to have invented business forms *per se*  
17 such as the "Specimens" which are incorporated verbatim by Graff. Thus, neither can it be  
18 argued that a mere slavish verbatim copying of such well known legal forms into a patent  
19 application constitutes details describing the alleged invention itself of that application.

20 Each of the Office's chain-cited paragraphs from the Graff Publ. - - viz., "...0854-0861, 0866,  
21 1162, 1205, 1219, 1260, 1280..." - - in fact are merely paragraphs of his Specimens. The fact  
22 that the Graff "specimen(s)" contain well known terms-of-art like "escrow" or "escrow agent"  
23 and the like, are serendipitous rather than a teaching of an invention or even a suggestion  
24 related to the Triola invention. The application of one to the other is a matter of speculative  
25 interpretation of the Graff Publ.'s contract "specimens" to try to force-fit Triola into its metes

1 and bounds.

2 As examples, on page 94, [0854-0856], Graff merely copies some standard language of a  
3 form contract agreement as it relates to some escrow agent instruction agreed upon by both a  
4 *proposed* lessee and lessor. Nothing in such a form contract is evidence that Graff  
5 contemplates that the functions/duties of the escrow agent will then be carried out  
6 electronically, e.g., over the Internet. Also on page 94, [0857], Graff merely copies contract  
7 language regarding one aspect of a role of the escrow agent, i.e., "...acts hereunder as a  
8 depository only...". Continuing on page 94, [0858], the specimen continues to limit the scope  
9 of duties/functions that are normal of the escrow agent in order to complete a proposed real  
10 estate transaction; again, as a mere copy of form contract clauses, it does not anticipate that  
11 an escrow agent could perform his/her functions/duties electronically over the Internet. On  
12 page 95, [0859-0877], the Graff Publ. continues to cite standard lease agreement language  
13 that sets out instructions by which escrow agent must adhere to, but nowhere anticipates nor  
14 provides a method to enable escrow agent to perform functions/duties to open and close a real  
15 estate transaction over the Internet. On page 130, beginning with [1155], there is merely  
16 standard language of a contract to buy/sell real estate between buyer and seller. This  
17 agreement is negotiated and executed prior to the opening of escrow. The primary  
18 functions/duties of a real estate escrow agent is to carry out the terms and conditions set out in  
19 such purchase/sale agreement after it is executed.

20 Moreover, these facts regarding the contract "Specimen" exact language also evidence a basic  
21 difference which is directly in opposition to the purpose of Mr. Triola's invention which provides  
22 computer automation to accomplish the post-purchase-and-sale-contract transfer of a  
23 *complete* real estate property right, title and interest from a seller to a buyer.<sup>3</sup> Clearly, it is  
24 common sense that a conscientious person would not contract to buy a property and then  
25 open an escrow on a property that one has not made a thorough financial investigation  
26 regarding. The Graff Publ. is concerned with computerization of pre-contract and pre-escrow

---

<sup>3</sup> Thus, neither can the Office now allege the Graff Publ. as supporting a rejection under Sec.103; proceeding contrary to the wisdom of the prior art is "strong evidence" of non-obviousness. W.L. Gore & Assoc., Inc. V. Garlock, 220 USPQ 303 (CA FC 1983).

1 type *property valuation analysis*. In fact, by definition these processes would be undertaken  
 2 pre-segregation. Thus, in conclusion, it is clear that Graff's intent in his own words is "*financial*  
 3 *analysis*" for a "*decomposition of property*." It appears in fact to be expressly limited to that  
 4 one type of disposition of a property. This is patently different than the complete legal transfer  
 5 of free title to a complete property via real estate escrow office processes, procedures,  
 6 documentation, and systems as in the Detailed Description and as claimed by Appellant Triola.

7 It is respectfully submitted that the rejections should be withdrawn on this ground.

8 B. Graff Publ. Reference Evidences a Lack of Knowledge Regarding Escrow Company  
 9 Jurisdictions

10 As shown above, on its face the Graff Publ. is not related to real estate escrow methods and  
 11 apparatus. This is an exact same consideration as was demonstrated in the immediately  
 12 previous RCE Amendment 3 documents (filed 04/22/04), including EXHIBIT NO. 1, filed by  
 13 inventor Triola and specifically noted with respect the previously cited Broerman reference.  
 14 Graff is a resident of Illinois (The Graff Publ., cover (76)) which, like Broerman's Ohio, *does not*  
 15 *use escrow companies*. See said prior filing, EXHIBIT NO. 1, page 3 of 8; and see again  
 16 specifically to the contrary, Alaska, California, Hawaii, Idaho, Kansas, Montana, New Mexico ,  
 17 Oregon, and Washington, where *escrow companies* for conducting the title transfer processes  
 18 and procedures are specifically mentioned. It is also a logical assumption that Graff did not  
 19 know about post buy-sell contract, transaction-handling escrow companies nor their duties,  
 20 obligations or services.

21 In other words, the basic foundation of the Graff disclosure by its own focus relates to financial  
 22 analysis for *determining the advisability of division of property*., prior to entering contractual  
 23 obligations, namely using one of his "specimens" to do so. Financial analysis is known to be in  
 24 the accounting field. Furthermore, this would be related to the legal fields of Probate and Tax  
 25 Law, not real property title transfers and, most certainly, not Triola's computerization of escrow  
 26 company office processes, procedures, and systems related thereto.

Thus, again there is no actual correlation of the Triola claimed invention to the Graff Publ. because it is likely Graff never considered real estate escrow companies nor what services they perform in a title transfer nor the inherent problems related thereto. This is evidence of Graff's approaching a problem from the viewpoint of a "financial analyst," not from the viewpoint of a post-sale contract concerned "escrow company" or an "escrow officer" such as in Triola. Any other interpretation of the Graff Publ. is an extrapolation toward arguing inherency.<sup>4</sup>

The reference fails to stand for a proposition asserted.

### C. The Graff Publ.'s Focus is Directed to Different Computing Techniques

Taken as a whole, it is clear that Graff's intention, in his own words (emphases added), is to create and describe systems and methods related to partitioned properties and "...*computerizing the calculations...*" for:

"...*taxation* for the components." (Abstract, emphasis added);

and, as shown in The Graff Publ. Fig. 4A-4B, he is concerned only with the computerization (flow chart elements) specifically concerned with *pre-property division financial analysis issues* via the nature of the shown inputs, outputs, and computations, regarding such concepts as:

"INPUT: *TAX BRACKET* OF ESTATE FOR YEARS PURCHASER" (82, emphasis added),

"OUTPUT TREASURY *BOND YIELD...*" (80, emphasis added),

"...ESTATE FOR YEARS PURCHASER *TAX BRACKET...*" (84, emphasis added);

---

<sup>4</sup> In *In re Newell*, 13 USPQ2d 1248, 891 F.2d 899 (Fed. Cir. 1989) the court explicitly stated that:

"[A] retrospective view of *inherency* is not a substitute for some teaching or suggestion which supports the selection and use of the various elements in the particular claimed combination." (At 1250, emphasis added.)

1            "...NET **RENTAL PAYMENT**..." (88, emphasis added),  
2            "...RENTAL PAYMENTS DISCOUNTED AT RENTAL INCOME **YIELD RATE** (90),  
3            "...VALUE NOT **DEPRECIABLE** (112, emphasis added),

4            and the like, the continued listing of which merely belabors the point.

5            The Graff Publ. Figures are replete with evidence in Graff's words of his solution to the  
6            problem regarding specific "*financial transactions involving the separate components*" of  
7            breaking up a given property. Thus, over-and-over Graff himself admits that the fundamental  
8            purpose of his invention is to calculate a valuation for different pieces of a property being  
9            considered for division into separate legal constructs in order

10            "...to facilitate financial transactions involving the separate components.\*\*\*" (Col. 1,  
11            para. [0002]),

12            and the computerization of that financial analysis process. This is not Triola's problem needing  
13            resolution nor his claimed invention.

14            In fact, it must be noted that nothing in any of the drawings or specimens of the Graff Publ.  
15            suggests or motivates what is perhaps most clearly demonstrated by Triola's drawings,  
16            showing an computerization of escrow office process and procedures. While using some  
17            similar language as the present application, a careful reading of the Graff Publ. finds only  
18            *financial analysis* concepts. That is not the business of an escrow office, it is the business of  
19            "tax analyst(s)" and an "insurance company" (see the Graff Publ. Fig. 6), property appraisers,  
20            tax assessors, market analysts, mortgage financiers, or the like, as would be known to those  
21            skilled in the art.

22            Judicial Notice may be taken that on June 30, 2000, President Clinton signed into law the  
23            Electronic in Global and National Commerce ("ESGNC") Act. This allows businesses and  
24            consumers to legally bind themselves to contractual obligation electronically without the need  
25            for handwritten signatures. See e.g., Evidence Appendix, Exhibit TRIOLA 6. On April 8, 2004,

1     Settleware conducted, performed and completed a real estate escrow "*transaction in a*  
2     *paperless, electronic environment* " escrow transaction using the present invention. It is  
3     submitted that Appellant Triola's Provisional Application, filed April 20, 2000, substantially  
4     concurrent with the ESGNC Act, and which claims the use of such digital signatures for the  
5     first time - - thus allowing the Triola "*end-to-end*" processing via the invention as described  
6     Detailed Description and FIGURES of the application - - is further evidence of the novelty of  
7     Mr. Triola's conception.

8     The reference again fails to stand for propositions asserted by the Office.

9     It is respectfully requested that this Appeal be granted on these grounds.

10    III. Claim-by-claim Rejection Analysis

11    A valid rejection on the ground of anticipation requires the disclosure in a single prior art  
12    reference ***of each element of the claim*** under consideration. Soundsciber Corp. v. U.S., 148  
13    USPQ 298, 301 (1966); In re Donohue, 226 USPQ 619, 621 (Fed. Cir. 1985). Emphasis  
14    added.

15    The allegations under Sec. 102, consisting merely of near-verbatim copying of Appellant  
16    Triola's claims followed by chain of citation of pieces of he Graff Publ. as material and  
17    anticipatory of the Triola invention, are not sustainable under the law or the *Soundsciber* test.  
18    No explanation is given by the Office as to how to tie the claim language is anticipated by the  
19    each of the pieces of the Graff Publ. relied upon. Following here, what Appellant Triola shows  
20    is each of his claims compared directly to concepts which may be found or, more tellingly, not  
21    found, in the Graff Publ..

22    Regardless that the same chain-citation was applied to each claim or combination of claims  
23    made by Examiner Backer, Appellant Triola hereby argues each claim separately:



In re Independent Claim 4

TRIOLA

GRAFF

4. (AS AMENDED) A Web-based client-server computer system for escrow office related processes of real estate title transfer, comprising:

at least one client module associated with at least one client party for initiating an escrow process with at least one escrow company; and  
at least one server module associate with the escrow company as a server party,  
wherein a specific escrow account between said client party and said escrow company is established, maintained, tracked, and consummated via said client-server computer system.

No mention of Internet or world wide "web;"  
No mention of "client-server" computing; only that a computer system (see e.g. Graff Fig. 2, not relied upon by the Examiner) are used to perform Graff's *financial analysis* (see e.g., Graff Abstract, not relied upon by the Examiner); No mention of "escrow office related processes of real estate title transfer"; only Specimens of hard copy contracts for decomposing a piece of property;  
No "client module" nor initiating functions;  
No "server module" nor "escrow company as a server party";  
No "specific escrow account between said client party and said escrow company is established, maintained, tracked, and consummated via said client-server computer system."

In Re Dependent Claim 5

TRIOLA

GRAFF

5. (ORIGINAL) The system as set forth in claim 4, comprising:  
on-line entry and transmission of escrow initiation, escrow instructions, escrow status tracking, and escrow consummation between the server party and the client party.

No on-line entry and transmission of escrow initiation, escrow instructions, escrow status tracking, and escrow consummation between the server party and the client party;  
only provides "Specimens" of hard copy legal contracts for decomposing a piece of property which have some terms and conditions therein related to use of escrow, namely "escrow instructions."

1     In re Dependent Claim 6

2     TRIOLA

GRAFF

3     6.     (ORIGINAL) The system as set forth  
4     in claim 4, the at least one server module  
5     associated with the escrow party further  
6     comprising:

No "server module associated with the  
escrow party"

7             on-line entry and transmission of  
8     service provider data between the server  
9     party and at least one service provider.

No "on-line entry and transmission of  
service provider data between the server  
party and at least one service provider."

1     In Re Dependent Claim 7

2     TRIOLA

GRAFF

3     7.     (ORIGINAL) The system as set forth  
4           in claim 4, comprising:  
5           computer code providing data  
6     security.

No "computer code providing data security."

- 1 [Intentionally blank]
- 2 //

1     In Re Dependent Claim 8

2     TRIOLA

GRAFF

3     8.     (ORIGINAL) The system as set forth  
4           in claim 4, comprising:  
5           computer code providing for digital  
6     identity authentication for each party.

No "computer code providing for digital  
identity authentication for each party."

In Re Dependent Claim 9

TRIOLA

GRAFF

9. (AS AMENDED) The system as set forth in claim 4, comprising:  
digital tracking of funds or other buyer-seller compensation arrangements, and disbursement of said funds or other buyer-seller compensation at or after final closing of said escrow process.

No "digital tracking of funds or other buyer-seller compensation arrangements, and disbursement of said funds or other buyer-seller compensation at or after final closing of said escrow process "

1     In Re Dependent Claim 10

2     TRIOLA

3     10.     (ORIGINAL) The system as set  
4             forth in claim 4, comprising:  
5             tracking of all documentation  
6     required and advised for the escrow  
7     process.

GRAFF

No "tracking of all documentation required  
and advised for the escrow process."; Graff  
shows "Specimens" of such  
"documentation" and



In Re Independent Claim 11

TRIOLA

11. (AS AMENDED) Computerized, on-line method for real estate escrow processes performed by an escrow company holding an escrow account, the method comprising:

providing a computer based automation system of components, including components providing implementation, management, and tracking of the escrow real estate transfer wherein data and documents for implementing, managing, and tracking the real estate escrow processes of a real estate transfer are accessible on-line for specific parties to said escrow account.

GRAFF

No "on-line method" at all, and particularly no "Computerized, on-line method for real estate escrow processes performed by an escrow company holding an escrow account"; In his own words Graff is "COMPUTING TO SUPPORT **DECOMPOSING PROPERTY INTO SEPARATELY VALUED COMPONENTS**" (title).

While GRAFF show a computer based system in Fig. 2 (not relied upon by the Examiner), there are no "components providing implementation, management, and tracking of the escrow real estate transfer wherein data \*\*\* for implementing, managing, and tracking the real estate escrow processes of a real estate transfer are accessible on-line for specific parties to said escrow account."

\*\*\* Graff Fig. 2, element 36 "STORED MODEL FINANCIAL DOCUMENT FOR THE ESTATE FOR YEARS, element 37 STORED OTHER FINANCIAL DOCUMENTS

In Re Dependent Claim 12

TRIOLA

GRAFF

12. (AS AMENDED) The method as set forth in claim 11 comprising:  
distributing said components as computer code modules residing at principals and parties to said escrow account for providing party-associated data entry and access.

No "distributing said components as computer code modules residing at principals and parties to said escrow account for providing party-associated data entry and access."

In Re Dependent Claim 13

TRIOLA

GRAFF

13. (AS AMENDED) The method as set forth in claim 12 comprising:  
including security measures providing for a variety of data entry and access levels to said escrow data and documents.

No "security measures providing for a variety of data entry and access levels to said escrow data and documents."

In Re Independent Claim 14

TRIOLA

14. (AS AMENDED) A computerized process for a computerized on-line real estate escrow office account, the process comprising:

providing escrow account data and electronic documents, escrow status, broker status, lender status, buyer status, seller status, and vendor status via a centralized server associated with an escrow officer; and

connecting parties to said computerized on-line real estate escrow office account using multiple computer network access devices via connectivity types which include but are not limited to wireless, satellite, dial-up, or leased communications.

GRAFF

No computerized process for a computerized on-line real estate escrow office account

No "providing escrow account data \*\*\* escrow status, broker status, lender status, buyer status, seller status, and vendor status via a centralized server associated with an escrow officer;"

\*\*\* Graff Fig. 2, element 36 "STORED MODEL FINANCIAL DOCUMENT FOR THE ESTATE FOR YEARS, element 37 STORED OTHER FINANCIAL DOCUMENTS;

No "connecting parties to said computerized on-line real estate escrow office account using multiple computer network access devices via connectivity types which include but are not limited to wireless, satellite, dial-up, or leased communications."

In Re Independent Claim 15

TRIOLA

15. (AS AMENDED) A system for real-time or near-real-time real estate escrow company account processes and documentation, the system comprising: on-line Internet communications programs; associated with said Internet communications programs, appropriate data, electronic documents, application and transactional management network programs, and including supporting network based applications for performing at least one of the escrow services selected from a group including: receiving and storing escrow instructions upon submission by a party to the escrow transaction via a computerized communications device; disseminating instructions to all relevant parties by computer; providing escrow documentation; providing escrow documentation approvals; automating order specified services; real-time and near-real-time display of escrow instructions, status, and activity; on-line digital identification authentication; transfer of ownership; closing escrow; releasing of escrow funds; and digital transfer of escrow funds.

GRAFF

No "system for real-time or near-real-time real estate escrow company account processes and \*\*\*"; \*\*\*Graff Fig. 2, element 36 "STORED MODEL FINANCIAL DOCUMENT FOR THE ESTATE FOR YEARS, element 37 STORED OTHER FINANCIAL DOCUMENTS and claims a "Method for making financial analysis output" (see Claims 1, 2, 3, 9 and 58). No "on-line Internet communications programs;" No "communications programs, appropriate data, electronic documents, application and transactional management network programs"; No "supporting network based applications for performing at least one of the escrow services" as listed; Graff only discloses the existence of "escrow documentation" via his "Specimens."

In Re Independent Claim 16

TRIOLA

16. (AS AMENDED) A method of doing business in realty using on-line communications, the method comprising:

providing an on-line escrow account for parties to a transaction;

providing on-line transactional account management services with respect to the on-line escrow account for said parties; and

providing secure access to said on-line escrow account limited to the parties and third parties using on-line identification authentication.

GRAFF

A method for making *financial analysis output* have a computed market-based valuation for property, the *financial analysis output being made by steps* including:

No “providing an on-line escrow account for parties to a transaction;

providing on-line transactional account management services with respect to the on-line escrow account for said parties; and

providing secure access to said on-line escrow account limited to the parties and third parties using on-line identification authentication.”

In Re Independent Claim 17

TRIOLA

17. (AS AMENDED) A computer memory having a program for real estate escrow company accounts comprising:  
 program code providing a client-server based automation system for said real estate escrow company accounts;  
 program code providing implementation, management, tracking, electronic documentation, and closing of specific escrow company accounts; and  
 program code allowing escrow data access only for specific parties to said escrow company accounts.

GRAFF

Fig. 2 shows 28 MEMORY SYSTEM;

no "program for real estate escrow company accounts comprising:  
 program code providing a client-server based automation system for said real estate escrow company accounts;  
 program code providing implementation, management, tracking,\*\*\* and closing of specific escrow company accounts; and  
 program code allowing escrow data access only for specific parties to said escrow company accounts."

\*\*\* Graff Fig. 2, element 36 "STORED MODEL FINANCIAL DOCUMENT FOR THE ESTATE FOR YEARS, element 37 STORED OTHER FINANCIAL DOCUMENTS

In Re Dependent Claim 18

TRIOLA

GRAFF

18. (AS AMENDED) The memory as set forth in claim 17 wherein said program code allowing escrow data access only for specific parties to said escrow transaction further comprises:  
program code for identification authentication.

No "said program code allowing escrow data access only for specific parties to said escrow transaction further comprises:  
program code for identification authentication."



In Re Dependent Claim 19

TRIOLA

GRAFF

19. (AS AMENDED) The memory as  
set forth in claim 17 wherein said program  
code providing implementation,  
management, tracking, and closing of  
specific escrow company accounts further  
comprises:  
program code for digital signatures.

No "said program code providing  
implementation, management, tracking,  
and closing of specific escrow company  
accounts further comprises:  
program code for digital signatures."

In Re Dependent Claim 20

TRIOLA

20. (AS AMENDED) The memory as set forth in claim 17 comprising: program code for a method of doing business using an internet, the code including computerized processes for providing an on-line escrow account for parties to a real estate sale transaction, providing on-line transactional account management services with respect to the on-line escrow account for said parties, and providing secure access to said on-line escrow account limited to the parties and third parties using on-line identification authentication.

GRAFF

No "program code for a method of doing business using an internet, the code including computerized processes for providing an on-line escrow account for parties to a real estate sale transaction, providing on-line transactional account management services with respect to the on-line escrow account for said parties, and providing secure access to said on-line escrow account limited to the parties and third parties using on-line identification authentication."; in fact, Appellant finds not mention of networking at all in the Graff Publ.

In Re Independent Claim 21

TRIOLA

21. (AS AMENDED) A computer based automation system for escrow processes and documentation using Internet computing technology, said system comprising:

means for implementing, managing, and tracking real estate transfer and real estate financing processes by and among principal parties and their agents with respect to an escrow company account requiring said processes and documentation; and

means for providing data and documents associated with said implementing, managing, and tracking such that said data and documents are accessible to said principal parties thereto and their agents and officers of said escrow company account via Internet.

GRAFF

"[0072] FIG. 2 is a diagram representing the electrical computer system..."; no "escrow processes and documentation using Internet computing technology";

No "means for implementing, managing, and tracking real estate transfer and real estate financing processes by and among principal parties and their agents with respect to an escrow company account requiring said processes and \*\*\*; and means for providing data and documents associated with said implementing, managing, and tracking such that said data and documents are accessible to said principal parties thereto and their agents and officers of said escrow company account via Internet."

\*\*\*Graff Fig. 2, element 36 "STORED MODEL FINANCIAL DOCUMENT FOR THE ESTATE FOR YEARS, element 37 STORED OTHER FINANCIAL DOCUMENTS

1 From the foregoing claim-by-claim analysis, it is clear that the Graff Publ. does not and can  
2 never meet the Soundsciber test, *supra*. It is respectfully requested that this Appeal be  
3 granted on this ground.

#### 4 **ISSUE 2: FORM OF THE REJECTION**

5 In the present Final Office Action, as in the preceding seven Office Actions, the rejections of  
6 each and every claim are based on a format which is simply to paraphrase each of applicant's  
7 claims and to append a chain-cite, or string, of pieces of the Graff Publ.; in this case each  
8 paraphrased set of Triola claim elements is followed by:

9 "... (see fig 1, paragraphs 0854-0861, 0866, 1162, 1205, 1219, 1260, 1280)...".

10 No explanation nor argumentative reasoning is given by Examiner Backer of which element of  
11 the string goes with the elements of the paraphrased claim nor how the Graff Publ.'s language  
12 or drawing relates to the claim elements. In other words, the applicant is left to speculate as to  
13 fitting the cited parts of the string together to determine the relevance of each, if any, to what is  
14 found in the paraphrased rejected claim or claims.

15 This format for rejection is *prima facie* hindsight reasoning *using the invention* for which a  
16 patent is sought as a *template*. This is impermissible. Texas Instruments, Inc. v. ITC, 26  
17 USPQ2d 1018 (CA FC 1993).

18 Moreover, it is a requirement of Reg. 1.104(c)(2) that:

19 "The pertinence of each reference, if not apparent, *must be clearly explained* and each  
20 rejected claim specified."

21 An Action which makes no explanation other than to paraphrase each of applicant's claims  
22 and to append thereafter a chain-cite of mere reference parts fails to meet this rule. At the  
23 least, each specific cite should be in some proximity to the element to which it relates.

24 Otherwise, applicants are left to guess at the thought process behind the examination and  
25 Examiner's application of the reference. In this specific case, despite the copious educational

1 materials and prior Remarks and arguments submitted by Triola, no explanation nor  
 2 argumentative reasoning is given by Examiner Backer of how he particularly applied the Graff  
 3 Publ.'s Fig. 1 or chain-cited language from the exemplary "Specimens." In other words,  
 4 applicant is left to speculate as to fitting the presented puzzle parts together with applicant's  
 5 claims. The Board should declare this form of rejection to be *prima facie* inadequate.

6 Moreover, in his Response to Arguments, Final Office Action, para. 20, Examiner Backer  
 7 argues, *inter alia*:

8 "20. Applicant's argument filed October 12<sup>th</sup>, 2004 have been fully considered but they  
 9 are not persuasive.

10 a.<sup>5</sup> Applicant basically argues that the prior art Graff which is a continuation-of [sic] US  
 11 application 09/134451, filed August 14, 1998, US Patent No. 6192347 fails to teach an  
 12 inventive concept disclose [sic] in the application. Applicant especially emphasized that  
 13 the prior art fail [sic] to teach an inventive concept of an escrow company performing  
 14 real estate transaction [sic]. Examiner respectfully disagrees with applicant [sic]  
 15 characterization of the prior art. Graff clearly teach [sic] an Escrow Agent acts  
 16 hereunder as a depository [sic] only and is not responsible or liable in any manner  
 17 whatsoever for (l)...",

18 followed by verbatim copying of part(s) of the Graff Publ. SPECIMEN contract language. Final  
 19 Action, pages 8-11, 1<sup>st</sup> para. No indication is given by Examiner Backer of where this  
 20 Specimen contract language appears in the 345 pages of the Graff Publ.

21 First, the characterization of what "Applicant basically argues" is a conclusory statement which  
 22 in fact subsumes 17 pages of cogent argument- -pointing to Graff's own language and each  
 23 claims distinction therefrom (much of which is repeated hereinabove with respect to ISSUE  
 24 (1)).

---

<sup>5</sup> No para. "b." appears in the Final Office Action.

1 Second, as argued hereinbefore, the allegation regarding what Applicant "emphasized" is  
2 totally incorrect as explained hereinbefore.

3 Third, the verbatim recitation of contract language out of the Graff Publ.'s "Specimens" is only  
4 evidence that written real estate contracts which might be used in conjunction with an escrow  
5 existed prior to the Triola invention.

6 Examiner Backer's Response should be given no weight at all.

7  
8 It is respectfully requested that this Appeal be granted on this ground.

9 **ISSUE 3: SEQUENTIAL OFFICE ACTIONS BASED UPON "ROLLING REFERENCE**  
10 **REJECTIONS"**

11  
12 In response to the previous *seven* Office Actions issued against the present application,  
13 Appellant Triola has been forced to respond to literal moving-targets-of-rejection generated by  
14 the Office via *five* PTO-892 forms, each one different from the previous. Each applied  
15 reference has been proven to be immaterial to the claims of Triola. It must be noted that since  
16 the first response to the first Office Action, only minor amendments to claims by the Applicant  
17 have been made merely to clarify for the Examiner the language describing elements which  
18 were already inherently present in the claims in accordance with Slimfold Mfg. Co. v. Kinhead  
19 Indus., 810 F.2d 1113, 1 USPQ 2d 1563 (Fed. Cir. 1987); Moleculon Res. Corp. v. CBS, Inc.,  
20 793 F.2d 1261, 229 USPQ 805 (Fed. Cir. 1986), (that both claim and specification language  
21 must be considered). See also, DMI, Inc. v. Deere & Co., 755 F.2d 1570, 225 USPQ 236  
22 (Fed. Cir. 1985). In fact, it is becoming more clear to the applicant that the lack of material  
23 references perhaps entitles Mr. Triola to even broader claims and thus the right to file a  
24 Continuation application is expressly reserved hereby.

25 Continued, rolling rejections in the manner of these seven Actions is unwarranted and is not in  
26 keeping with the law, the regulations, nor the MPEP. MPEP 904.03 (emphases added)  
27 instructs an examiner to conduct a

1           “*careful and comprehensive search*”  
2 as a prerequisite to a  
3           “*speedy and just* determination of issues involved in the examination,”  
4 and that  
5           “In all references considered...the examiner should study the specification or  
6 description sufficiently to determine the full value of the reference disclosure relative to  
7 the claimed or claimable subject matter.”

8 It is clear that the repeated application under Sec. 102 of references which merely have the  
9 same terms-of-art but which are patently immaterial to Appellant Triola’s claimed subject  
10 matter is not a “just” examination. The lack of study and application has resulted in a lengthy,  
11 rather than “speedy” prosecution of an application which is under a granted Petition to Make  
12 Special. By application of immaterial references, the Office ignores the reasoning of MPEP  
13 904.03 in that it,

14           “...adds to the burden and cost of prosecution...,”  
15 ignoring the both the proscription and the immediately following mandate,  
16           “and *should therefore be avoided.*”

17 Moreover, it is a requirement that an Examiner must cite the best prior art references in  
18 connection with the examination of pending claims. 37 CFR 1.104(c)(2). Clearly, MPEP  
19 707.07(g) instructs that piecemeal examinations are to be avoided, whereby the *first* Office  
20 Action should provided *all* appropriate objections and rejections.

21 Further, in accordance with MPEP 707.02, the Supervisory Primary Examiner should direct  
22 that only the,

23           “.. shortest path to a final disposition of an application is by finding the best references  
24           *on the first search and carefully applying them.*”

25 The file history shows that this application has had multiple post-first Action searches. As  
26 discussed in the next section hereinbelow, the copending PCT Preliminary Examination report  
27 is further evidence of multiple searches. Yet, it is also clear from the record that since the first  
28 Action reply Mr. Triola has made no amendments changing the scope of the claimed invention

1 such as by incorporating new limitations from the specification into the claims which may have  
2 provoked the need for such new searches. Moreover, in response to each Action, the Office  
3 has been provided with ample educational materials. Therefore, long before this point in the  
4 prosecution the repeat of newly-cited immaterial references - - like the Graff Publ. which is  
5 merely similar to those already applied in a prior Action (e.g., Broerman and Ravais Jr.) - -  
6 should have been avoided.

7 It is respectfully requested that this Appeal be granted on this ground. The Board should  
8 declare that multiple examinations and "rolling-reference rejections" are improper and evidence  
9 of misapplication of the MPEP dictums, requiring the Supervisory Examiner to overrule the  
10 Primary Examiner and designate allowable subject matter.

#### 11 **ISSUE 4: INCONSISTENT OFFICE ACTION IN RE COPENDING PCT APPLICATION**

12 Inconsistency between the rejection in the present application and the copending,  
13 corresponding PCT application based on the same disclosure is evidence of improper  
14 examination and requires grant of this Appeal.

15 On 10 NOV 2004, in application PCT/US01/13201, based on the same application as the  
16 application on appeal - - that is, issued more than three months after the first Action (July 26,  
17 2004) in which the Graff Publ. was first cited - - the International Preliminary Examination  
18 Report ("IPER") was issued by Examiner Backer, The IPER does not cite the Graff Publ..  
19 Instead, the IPER states:

20 "Claims 1-20 lack novelty under PCT Article 33(2) as being anticipated by Abecassis  
21 (U.S. Patent No. 5,426,281).

22 See Evidence Exhibits, attached COPY, Exhibit TRIOLA 4.

23 This contrary conduct by Examiner Backer is inexplicable. It has led Appellant Triola to further  
24 question the propriety of the examination process. In the present application-on-appeal and  
25 contrary to the MPEP, will Mr. Triola have to face yet another "rolling-reference-rejection" as



discussed hereinbefore<sup>6</sup>?

This seems especially egregious in view of the fact that the application-on-appeal is under a granted Petition to Make Special.

The Board can not allow such contrary conduct within the Corp of Examiners otherwise applicants become subject to the different educational backgrounds, technical proficiencies and deficiencies, and even whims of separate Examiners.

It is respectfully requested that this Appeal be granted on this ground.

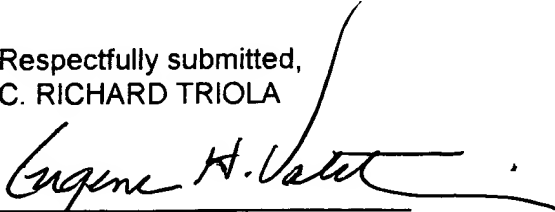
#### SUMMARY AND CONCLUSION

The Graff Publ. fails to disclose anything regarding the Triola invention for Method and Apparatus for Processing Escrow Transactions. The one and only commonality of the Graff Publ. and the Triola application and invention is that both may involve legal contract documents. The reference must be withdrawn. As presented hereinabove, both on technical grounds and on legal grounds, the final rejection of the present application can not be allowed to stand.

It is respectfully requested that this Appeal be granted and, in view of the extensive examinations already conducted on this application, that allowable subject matter be declared to be embodied in the claims.

Dated: 13 JAN 2006

Respectfully submitted,  
C. RICHARD TRIOLA

  
Eugene H. Valet  
Reg. No. 31,435

---

<sup>6</sup> The Abecassis reference for a "Transaction Protection System" is also a reference which is immaterial to the claimed subject matter by Triola as again it does not meet the Soundsciber standard, *supra*, in that among many other deficiencies it only address a money deposit escrow element (see e.g., col. 13: ll. 20-21). Like the predecessor references relied upon by Examiner Backer, it is not related to *real estate escrow office process, procedures, documentation and the like*.

1       **CLAIMS APPENDIX**

2       4.       (AS AMENDED) A Web-based client-server computer system for escrow office related  
3       processes of real estate title transfer, comprising:

4               at least one client module associated with at least one client party for initiating an  
5       escrow process with at least one escrow company; and

6               at least one server module associate with the escrow company as a server party,  
7               wherein a specific escrow account between said client party and said escrow company  
8       is established, maintained, tracked, and consummated via said client-server computer system.  
9

10      5.       (ORIGINAL) The system as set forth in claim 4, comprising:

11              on-line entry and transmission of escrow initiation, escrow instructions, escrow status  
12      tracking, and escrow consummation between the server party and the client party.

13      6.       (ORIGINAL) The system as set forth in claim 4, the at least one server module  
14      associated with the escrow party further comprising:

15              on-line entry and transmission of service provider data between the server party and at  
16      least one service provider.

17      7.       (ORIGINAL) The system as set forth in claim 4, comprising:

18              computer code providing data security.

19      8.       (ORIGINAL) The system as set forth in claim 4, comprising:

20              computer code providing for digital identity authentication for each party.

21      9.       (AS AMENDED) The system as set forth in claim 4, comprising:

22              digital tracking of funds or other buyer-seller compensation arrangements, and  
23      disbursement of said funds or other buyer-seller compensation at or after final closing of said  
24      escrow process.

25      10.      (ORIGINAL) The system as set forth in claim 4, comprising:

26              tracking of all documentation required and advised for the escrow process.

1 11. (AS AMENDED) Computerized, on-line method for real estate escrow processes  
2 performed by an escrow company holding an escrow account, the method comprising:  
3 providing a computer based automation system of components, including components  
4 providing implementation, management, and tracking of the escrow real estate transfer  
5 wherein data and documents for implementing, managing, and tracking the real estate escrow  
6 processes of a real estate transfer are accessible on-line for specific parties to said escrow  
7 account.

8 12. (AS AMENDED) The method as set forth in claim 11 comprising:  
9 distributing said components as computer code modules residing at principals and  
10 parties to said escrow account for providing party-associated data entry and access.

11 13. (AS AMENDED) The method as set forth in claim 12 comprising:  
12 including security measures providing for a variety of data entry and access levels to  
13 said escrow data and documents.

14 14. (AS AMENDED) A computerized process for a computerized on-line real estate escrow  
15 office account, the process comprising:  
16 providing escrow account data and electronic documents, escrow status, broker status,  
17 lender status, buyer status, seller status, and vendor status via a centralized server associated  
18 with an escrow officer; and  
19 connecting parties to said computerized on-line real estate escrow office account using  
20 multiple computer network access devices via connectivity types which include but are not  
21 limited to wireless, satellite, dial-up, or leased communications.

22 15. (AS AMENDED) A system for real-time or near-real-time real estate escrow company  
23 account processes and documentation, the system comprising:  
24 on-line Internet communications programs;  
25 associated with said Internet communications programs, appropriate data, electronic  
26 documents, application and transactional management network programs, and  
27 including supporting network based applications for performing at least one of the

1 escrow services selected from a group including: receiving and storing escrow instructions  
2 upon submission by a party to the escrow transaction via a computerized communications  
3 device; disseminating instructions to all relevant parties by computer; providing escrow  
4 documentation; providing escrow documentation approvals; automating order specified  
5 services; real-time and near-real-time display of escrow instructions, status, and activity; on-  
6 line digital identification authentication; transfer of ownership; closing escrow; releasing of  
7 escrow funds; and digital transfer of escrow funds.

8  
9 16. (AS AMENDED) A method of doing business in realty using on-line communications,  
10 the method comprising:

11 providing an on-line escrow account for parties to a transaction;  
12 providing on-line transactional account management services with respect to the on-line  
13 escrow account for said parties; and  
14 providing secure access to said on-line escrow account limited to the parties and third  
15 parties using on-line identification authentication.

16 17. (AS AMENDED) A computer memory having a program for real estate escrow  
17 company accounts comprising:

18 program code providing a client-server based automation system for said real estate  
19 escrow company accounts;  
20 program code providing implementation, management, tracking, electronic  
21 documentation, and closing of specific escrow company accounts; and  
22 program code allowing escrow data access only for specific parties to said escrow  
23 company accounts.

24 18. (AS AMENDED) The memory as set forth in claim 17 wherein said program code  
25 allowing escrow data access only for specific parties to said escrow transaction further  
26 comprises:

27 program code for identification authentication.

28 19. (AS AMENDED) The memory as set forth in claim 17 wherein said program code

1 providing implementation, management, tracking, and closing of specific escrow company  
2 accounts further comprises:  
3 program code for digital signatures.

4 20. (AS AMENDED) The memory as set forth in claim 17 comprising:  
5 program code for a method of doing business using an internet, the code including  
6 computerized processes for providing an on-line escrow account for parties to a real estate  
7 sale transaction, providing on-line transactional account management services with respect to  
8 the on-line escrow account for said parties, and providing secure access to said on-line escrow  
9 account limited to the parties and third parties using on-line identification authentication.

10 21. (AS AMENDED) A computer based automation system for escrow processes and  
11 documentation using Internet computing technology, said system comprising:  
12 means for implementing, managing, and tracking real estate transfer and real estate  
13 financing processes by and among principal parties and their agents with respect to an escrow  
14 company account requiring said processes and documentation; and  
15 means for providing data and documents associated with said implementing,  
16 managing, and tracking such that said data and documents are accessible to said principal  
17 parties thereto and their agents and officers of said escrow company account via Internet.

18 //

**EVIDENCE APPENDIX**

List of following Exhibits and Sec. 41.37(c)(1)(ix) statements:

Exhibit TRIOLA 1: Decision on Petition : from file history, as issued by USPTO on Mar 25, 2002.

Exhibit TRIOLA 3: Triola Patent Appl. Pub. No. US2001/0047328 : from file history as published by USPTO on Nov. 29, 2001.

Exhibit TRIOLA 4: PCT International Preliminary Examination Report : as issued by USRO, submitted by Appellant via form SB/08a on Nov 11, 2004, postcard stamped by OIPE Nov 29, 2004

Exhibit TRIOLA 5: U.S. Pat. No. 4,876,648 (Lloyd) : entered by Examiner via signed PTO1449, dated 4/20/02

Exhibit TRIOLA 6: copy 6 pp. Internet articles re Electronic Signature Act : re Judicial Notice request, *supra*; responsive to new argument by Examiner in Final Action, para. 3, 03/03/2005.



UNITED STATES PATENT AND TRADEMARK OFFICE

MAILED

MAR 25 2002

DIRECTOR'S OFFICE  
TECHNOLOGY CENTER 2100



COMMISSIONER FOR PATENTS  
UNITED STATES PATENT AND TRADEMARK OFFICE  
WASHINGTON, D.C. 20231  
www.uspto.gov

Paper No. 3

Office of Eugene H. Valet  
PMB3  
4742 42nd Avenue  
Seattle, Washington 98116

COPY

In re Application of: G. Triola )  
Application No. 09/833,390 )  
Filed: April 11, 2001 )  
For: METHOD AND APPARATUS FOR )  
PROCESSING ESCROW )  
TRANSACTIONS )

**DECISION ON PETITION  
UNDER M.P.E.P. §708.02(II):  
INFRINGEMENT**

This is a decision on the petition, filed June 22, 2001, under 37 C.F.R. §1.102(d) and M.P.E.P. §708.02(II): Infringement, to make the above-identified application special.

A grantable petition under 37 C.F.R. §1.102(c), and M.P.E.P. §708.02, Section II, must be accompanied by payment of the fee under 37 C.F.R. §1.117(I) and a statement under 37 C.F.R. §1.102 by the applicant or assignee or statements by an attorney/agent registered to practice before the Patent and Trademark Office that (A) there is an infringing device or product actually on the market or method in use; (B) a rigid comparison of the alleged infringing device, product, or method with the claims of the application has been made, and that, in his or her opinion, some of the claims are unquestionably infringed; and (C) he or she has made or caused to be made a careful and thorough search of the prior art or has a good knowledge of the prior art. A fee under 37 C.F.R. for such a petition is required.

Applicant's submission meets all the criteria set out above, accordingly, the Petition is **GRANTED**. The application file is being forwarded to the Examiner of Record for expedited examination.

*Pinchus M. Laufer*

Pinchus M. Laufer  
Special Programs Examiner  
Technology Center 2100  
Computer Architecture, Software, and Electronic Commerce  
(703) 306-4160

EXHIBIT NO. TRIOLA 1

## PATENT COOPERATION TREATY

PCT

COPY

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Article 36 and Rule 70)

Applicant's or agent's file reference EZCROW.001VP	<b>FOR FURTHER ACTION</b> See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416)	
International application No. PCT/US01/13021	International filing date (day/month/year) 20 April 2001 (20.04.2001)	Priority date (day/month/year) 20 April 2000 (20.04.2000)
International Patent Classification (IPC) or national classification and IPC IPC(7): 006F, 17/60 and US Cl.: 705/35		
Applicant TRIOLA, C. RICHARD		

1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.

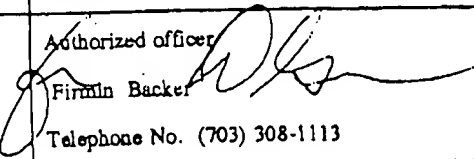
2. This REPORT consists of a total of 5 sheets, including this cover sheet.

☐ This report is also accompanied by ANNEXES, i.e., sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).

These annexes consist of a total of 1 sheets.

3. This report contains indications relating to the following items:

- I ☒ Basis of the report
- II ☐ Priority
- III ☐ Non-establishment of report with regard to novelty, inventive step and industrial applicability
- IV ☐ Lack of unity of invention
- V ☒ Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
- VI ☐ Certain documents cited
- VII ☐ Certain defects in the international application
- VIII ☐ Certain observations on the international application

Date of submission of the demand 01 November 2001 (01.11.2001)	Date of completion of this report 03 September 2004 (03.09.2004)
Name and mailing address of the IPEA/US Mail Stop PCT, Attn: IPEA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (703) 305-3230	Authorized officer  Firmin Backer Telephone No. (703) 308-1113



## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.  
PCT/US01/13021

## V. Reasoned statement under Rule 66.2(a)(ii) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

## 1. STATEMENT

Novelty (N)

Claims NONE YESClaims 1-20 NO

Inventive Step (IS)

Claims NONE YESClaims 1-20 NO

Industrial Applicability (IA)

Claims 1-20 YESClaims NONE NO

## 2. CITATIONS AND EXPLANATIONS

Please See Continuation Sheet

# INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International Application No.

PCT/US01/13021

## 1. Basis of the report

### 1. With regard to the elements of the international application:\*

- ☒ the international application as originally filed.
- ☒ the description:
  - pages 1-16 \_\_\_\_\_ as originally filed
  - pages NONE \_\_\_\_\_, filed with the demand
  - pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_.
- ☒ the claims:
  - pages 17-20 \_\_\_\_\_, as originally filed
  - pages NONE \_\_\_\_\_, as amended (together with any statement) under Article 19
  - pages NONE \_\_\_\_\_, filed with the demand
  - pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_.
- ☒ the drawings:
  - pages 1-6 \_\_\_\_\_, as originally filed
  - pages NONE \_\_\_\_\_, filed with the demand
  - pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_.
- ☐ the sequence listing part of the description:
  - pages NONE \_\_\_\_\_, as originally filed
  - pages NONE \_\_\_\_\_, filed with the demand
  - pages NONE \_\_\_\_\_, filed with the letter of \_\_\_\_\_.

### 2. With regard to the language, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language \_\_\_\_\_ which is:

- ☐ the language of a translation furnished for the purposes of international search (under Rule 23.1(b)).
- ☐ the language of publication of the international application (under Rule 48.3(b)).
- ☐ the language of the translation furnished for the purposes of international preliminary examination (under Rules 55.2 and/or 55.3).

### 3. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:

- ☐ contained in the international application in printed form.
- ☐ filed together with the international application in computer readable form.
- ☐ furnished subsequently to this Authority in written form.
- ☐ furnished subsequently to this Authority in computer readable form.
- ☐ The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.
- ☐ The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.

### 4. ☐ The amendments have resulted in the cancellation of:

- ☐ the description, pages NONE
- ☐ the claims, Nos. NONE
- ☐ the drawings, sheets/fig NONE

### 5. ☐ This report has been established as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).\*\*

\* Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17).<sup>1</sup>

\*\* Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.  
PCT/US01/13021

## Supplemental Box

(To be used when the space in any of the preceding boxes is not sufficient)

*lines 33).*

As per claims 11, Abecasis teaches Computerized method for escrow such as the escrowing of property and business-to-business transactions, the method comprising: providing a computer based automation system of components, including components providing implementation, management, and tracking of the escrow wherein data for implementing, managing, and tracking the escrow transactions is accessible for specific parties to the escrow (*see column 3 lines 22-lines 33*).

As per claims 12, Abecasis teaches distributing the components as computer code modules residing at principals and parties to the escrow for providing party associated data entry and access (*see column 3 lines 22-lines 33*).

As per claims 13, Abecasis teaches including security measures providing for a variety of data entry and access levels to the escrow (*see column 3 lines 22-lines 33*).

As per claims 14, Abecasis teaches a computerized escrow transaction comprising: providing escrow account, escrow status, broker status, lender status, buyer status, seller status, and vendor status via a centralized server associated with an escrow officer; and connecting parties to the computerized escrow transaction using multiple computer network access devices via connectivity types which include but are not limited to wireless, satellite, dial-up, or leased communications (*see column 3 lines 22-lines 33*).

As per claims 15, Abecasis teaches A system for real-time or near-real-time escrow transactions, comprising: appropriate data, application, and transactional management network programs; and supporting network based applications for performing at least one of the escrow services selected from a group including: receiving and storing escrow instructions upon submission by a party to the escrow transaction via a computerized communications device; disseminating instructions to all relevant parties by computer; providing escrow documentation; providing escrow documentation approvals; automating order specified services; real-time and near-real-time display of escrow instructions, status, and activity; on-line digital identification authentication; transfer of ownership; closing escrow; releasing of escrow funds; and digital transfer of escrow funds (*see column 3 lines 22-lines 33*).

As per claims 16, Abecasis teaches a method of doing business using an internet comprising: providing an on-line escrow account for parties to a transaction; providing on-line transactional account management services with respect to the on-line escrow account for the parties; and providing secure access to the on-line escrow account limited to the parties and third parties using on-line identification authentication (*see column 3 lines 22-lines 33*).

As per claims 18, Abecasis teaches a memory wherein the program code allowing escrow transaction data access only for specific parties to the escrow transaction further comprises: program code for identification authentication (*see column 3 lines 22-lines 33*).

As per claims 19, Abecasis teaches a program code providing implementation, management, tracking, and closing of specific escrow transactions further comprises: program code for digital signatures (*see column 3 lines 22-lines 33*).

As per claims 20, Abecasis teaches program code for a method of doing business using an internet the code including computerized processes for providing an on-line escrow account for parties to a transaction, providing on-line transactional account management services with respect to the on-line escrow account for the parties, and providing secure access to the on-line escrow account limited to the parties and third parties using on-line identification authentication (*see column 3 lines 22-lines 33*).

## ----- NEW CITATIONS -----

US 5,426,281 A (Abecasis) 20 June 1995

[54] SYSTEM AND METHOD FOR  
IMPLEMENTING AND ADMINISTERING A  
MORTGAGE PLAN

[76] Inventor: Clarke B. Lloyd, 4710 N. Marine Dr.,  
Ste. 23A, Chicago, Ill. 60613

[21] Appl. No.: 143,003

[22] Filed: Jan. 12, 1988

[51] Int. Cl.<sup>4</sup> ..... G06F 15/00; G06G 7/52

[52] U.S. Cl. .... 364/408; 364/400

[58] Field of Search ..... 364/408, 401, 400

[56] References Cited

U.S. PATENT DOCUMENTS

4,346,442 8/1982 Musmanno ..... 364/408  
4,742,457 5/1988 Leon ..... 364/408  
4,752,877 6/1988 Roberts ..... 364/408

OTHER PUBLICATIONS

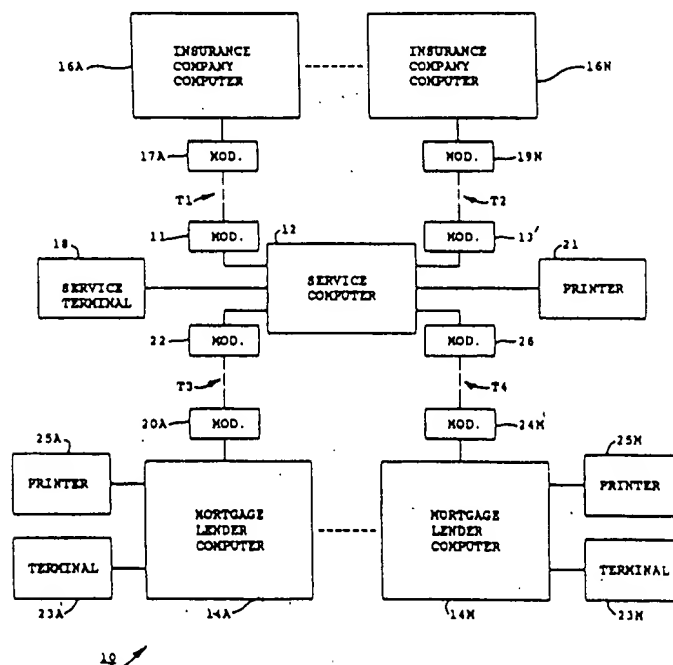
H. M. B., "Software Packages Assist Diverse Needs of  
Bond Portfolio Managers", *Wall Street Review*, Jun.  
1985 pp. 61-65.


Primary Examiner—Jerry Smith  
Assistant Examiner—Gail O. Hayes  
Attorney, Agent, or Firm—Bernard L. Kleinke; Jerry R.  
Potts; William P. Waters

[57] ABSTRACT

A computerized mortgage implementing system includes a central service computer, which helps establish and maintain mortgage plans based upon mortgages at least partially collateralized by investment vehicles. Both a plurality of groups of investment vehicle information and mortgage information are stored in the service computer. Borrower information is entered in the service computer when a mortgage plan is to be established. An individual one of the groups of investment information is selected. A desired amount of the investment funding is determined for helping repay a mortgage plan. Mortgage implementing information is generated for a given mortgage plan, and is sent to a mortgage lender computer to facilitate the establishment of the mortgage plan.

43 Claims, 15 Drawing Sheets



 <b>CONSTRUCTION</b> WebLinks®		<a href="#">Site Search</a>   <a href="#">Site Map</a>   <a href="#">Home</a> <a href="#">Registration</a>   <a href="#">About Thelen</a>   <a href="#">Contact Us</a>
<a href="#">Organizations</a>   <a href="#">Industry Topics</a>   <a href="#">Resources</a>	<b>BUSINESS BULLETINS</b>	

[New Laws, Cases](#)  
**The Current Status of Construction Defects Law in California - An Overview**

[Cash or Boot](#)  
**New Tax Law Expands Reporting Requirements for Corporate Acquisitions**

[Many Victims](#)  
**New California Laws Shield Employers, Require Reporting by Engineers, Broaden Home Improvement Disclosures**

[Limit on Scope](#)  
**Privilege Protecting Documents Prepared for Mediation Held to Be Unqualified by California Supreme Court**

[On Notice of Risk](#)  
**Developer's Mere Knowledge that Demolition Involved Asbestos Held Sufficient to Sustain Criminal Conviction**

[California Supreme Court](#)  
**Contractors' Tort Claims Against Engineer, Inspector Barred by Economic Loss Rule on Basis of Indirect Contracts**

[Campbell Plaintiffs Case](#)  
**Strict Notice Obligation Upheld Against Government Contractor Seeking to Assert Patent Rights**

[Plaintiff's Obligation](#)  
**Public Accommodations and the Americans with Disabilities Act: The Costly Consequences of Good Intentions**

[Fremont, 12/24/02](#)

[Construction Industry Group](#)

## President Signs Electronic Signature Act to Facilitate E-Commerce

Barbara H. McIntyre  
Construction

July 17, 2000

**Thelen Reid & Priest LLP**

President Clinton has signed the Electronic Signatures in Global and National Commerce Act. Known as "E-SIGN," the new federal law gives electronic signatures, contracts and records the same validity as their handwritten and hard copy counterparts. The new law, signed June 30, removes uncertainty as to the enforceability of online transactions, will cut transaction costs and will otherwise facilitate contracting in all industries.

The new law validates electronic signatures, contracts and records, but does not affect any substantive rights or obligations of the parties. A signature, contract or other record relating to a transaction in interstate or foreign commerce "may not be denied legal effect, validity, or enforceability solely because it is in electronic form." Similarly, a contract may not be denied legal effect simply because it was formed using an electronic signature or record. The law does not, however, affect any other right or obligation under any statute, regulation or rule of law (except those requiring that signatures, contracts or other records be in writing). For example, E-SIGN does not affect any existing statutory and common law rules regarding formation of contracts, such as those requiring manifestation of assent and authentication, other than to recognize the validity of electronic records to create binding agreements.

**Uniformity:** The law promotes uniformity in electronic contracting nationwide by pre-empting inconsistent state laws. Currently, 18 states have adopted some form of digital signature or electronic transaction legislation. Although many of those laws are derived from the Uniform Electronic Transactions Act ("UETA"), some states, such as California, have adopted variations on UETA that differ significantly. E-SIGN pre-empts those inconsistent state provisions. It also expressly pre-empts any state law that is not technology neutral, such as a Utah law that recognizes digital signatures originating from jurisdictions with similar (non-UETA) authentication requirements.

Certain procedures must be used in consumer transactions. If state or federal law requires written notices to "consumers" (defined in E-SIGN as individuals who obtain "products or services that are used primarily for personal, family or household purposes"), electronic transmission of such notices will satisfy those requirements but only if certain procedures are implemented. For example, the consumer must affirmatively consent to receiving communications electronically and must be provided with a "clear and conspicuous statement" that such consent is strictly optional - and that consent may be withdrawn. The consumer also must demonstrate, e.g., through the exchange of confirming e-mails, that he or she can access the electronic information upon which consent will be based. The business also must inform the consumer how to obtain a hard

copy of an electronic record and what fees, if any, will be charged to obtain that record. E-SIGN establishes other requirements.

E-SIGN carves out several exceptions. The new law does not apply to wills and testamentary trusts or to records related to adoption, divorce or "other matters of family law." E-SIGN also does not affect any contract governed by the Uniform Commercial Code *other than* those formed under Articles 2 and 2A, relating to the sale of goods and leases of personal property, respectively.

The law also does not allow for electronic communication of "court orders or notices, or official court documents." E-SIGN specifically excludes notices to: (1) cancel or shut-off "utility services" (defined to include "water, heat, and power"); (2) repossess, evict or foreclose on a primary residence of an individual; or (3) cancel health or life insurance benefits. Notices recalling or warning of defects in products that could endanger health or safety and documents accompanying hazardous materials, pesticides and other toxic substances also must be in paper form.

The law is neutral as to the methods or technologies used to accomplish its purposes. E-SIGN permits the parties to decide whether electronic signatures will be used at all and what technologies to apply to the transaction.

E-SIGN also does not require anyone to accept or to use electronic records or electronic signatures (other than a governmental agency, in some circumstances).

**Validity:** The law expressly recognizes the validity of contracts or other records created by electronic agents. Electronic agents are computer programs or other means used to automate an electronic communication or response "in whole or in part without review or action by an individual at the time of the action or response." E-SIGN expressly validates contracts and records made using electronic agents.

E-SIGN authorizes federal and state regulators and self-regulatory organizations to make or amend their rules consistently with E-SIGN's principles and procedures. The new law also preserves the authority of federal agencies to make rules consistent with E-SIGN. Prior interpretive releases and other rulings on electronic transmissions therefore remain in effect.

If existing law mandates the retention of a contract or other record, parties can satisfy that requirement by retaining an electronic record that "accurately reflects the information" set forth in the contract or other record and "remains accessible" to anyone entitled to access to that document. In addition, federal regulators have until March 1, 2001, to propose rules "to specify performance standards to assure accuracy, record integrity and accessibility of records that are required to be retained" by federal law or regulation.

Although certain aspects of the new law, such as the prohibition on "inconsistent" state laws, undoubtedly will find their way into the courts for judicial interpretation, E-SIGN eliminates much of the uncertainty encountered by businesses that wish to enter into transactions online. The new powers E-SIGN gives to businesses - whether buying or selling over the Internet or simply negotiating transactions using e-mail - plainly make it imperative for any business operating in the 21st Century to evaluate with counsel how the new law affects its operations.

If you would like to receive legal reports and updates more quickly, by e-mail, [click here](#) and fill out the mailing list form.

For more information about Thelen Reid & Priest's Construction and Government Contracts Department, [click here](#). For more information on E-SIGN, please contact your regular Thelen Reid attorney or Rauer L. Meyer at [rlmeyer@thelenreid.com](mailto:rlmeyer@thelenreid.com) or at (415) 369-7370.

 [Send This Report to a Colleague](#)

©2000 Thelen Reid & Priest LLP



Organizations	Industry Topics	Resources	BUSINESS BULLETINS		
© 2005 Thelen Reid & Priest LLP All rights reserved. <a href="#">Legal notices, and terms and conditions.</a>			Site Search	Site Map	Home
			Registration	About Thelen	Contact Us

**American Escrow Association**

&lt;&lt;Back

**E-Signature Law Now Official**

Article Date: Oct 03, 2000

A press conference was held on Capitol Hill on October 3, 2000 to promote the fact that the new federal law authorizing the use of electronic signatures had gone into effect on October 1, 2000. Examples cited of business transactions handled electronically, including signatures, were (1) a securities deal signed on October 1, and (2) a car purchase (from an out-of-town dealer) with the loan papers signed on October 2. These are situations that immediately benefited from the new law. However, real estate transactions working electronically in all respects, is a question that is expected to become a reality much more slowly. Even though technologies exist that can make electronic signatures a safe and secure act there remain a range of hurdles including the inability of county recorders in most jurisdictions to accept electronic documents as well as the range of issues traditionally handled through the notary functions.

Almost all states (46 in fact) had one (or more) type of electronic signature authorizing provision in their statutes PRIOR to the enactment of the new federal law. However the typical statute focused on a person doing business with the state on some matter of official state business as opposed to two or more persons conducting a business or consumer matter between or among themselves. Under the federal law the only state law that would cause the federal law to be ineffective in that state would be an enactment of the so-called "Uniform Electronic Transactions Act", which is model legislation, approved in final form in mid-1999. Some, but not many, states have now enacted their version of this model bill. In all these cases, the purpose is to guaranty that, unless an exception applies (such as in the formation of a Will), a transaction conducted electronically and signed by electronic means, will be legally valid, even if previously it was a matter that had to be handled by writing on paper.

Many, many developments will occur in this area before real estate transactions that are fully conducted in electronic form become a daily occurrence.

NOTE--The legislation is officially titled the "Electronic Signatures in Global and National Commerce Act" and a common abbreviated form is "E-sign".

---

American Escrow Association • Crystal Park III • 2231 Crystal Drive • Suite 500 • Arlington, VA 22202 • Phone: 1-800-877-7414 • Email

6/11/02



[Home](#)[Practice Areas](#)[About Us](#)[Library](#)[Terms/Conditions](#)[Contact](#)

## Electronic Signature Law

On June 30, 2000, President Clinton signed into law the E-Signatures in Global and National Commerce Act, thus allowing business and consumers to legally bind themselves to contractual obligations electronically without the need for handwritten signatures. The "E-Sign" as it has come to be called, is expected to work as a catalyst for tremendous rapid growth in both business-to-business and business-to-consumer commerce. Now transactions to purchase cars, lend money and even insurance companies can be legally consummated without the use of paper contracts, pen and ink because a digital or electronic signature can authenticate the identity of the author of an email message or the signatory to an electronically transmitted document.

The E-Sign Act not only permits digital signatures, but it also permits the use of online contracting and notices. Once the new law becomes effective, any agreement or other record relating to a transaction "may not be denied legal effect, validity or enforceability solely because it is in electronic form." In short, the E-Sign Act validates the use of electronic signatures and electronic records of transactions; it also makes clear that no one is to be required to use or accept electronic records or signatures.

Specifically, the law includes a number of consumer protection provisions designed to ensure that consumers willingly accept the use of electronic records in a particular transaction. Consumers must affirmatively consent to the use of electronic records after receiving a "clear and conspicuous statement" incorporating the consumer's right to have the record provided in a non-electronic form, the right to withdraw consent, and a description of the hardware and software requirements for accessing and retaining the electronic record. While these additional protections were designed to protect consumers, technology experts believe they may prove unnecessarily burdensome to consumers and businesses, actually slowing the spread of e-commerce transactions.

[\[ Top \]](#)

In spite of these potential pitfalls, most industry analysts believe that the E-Sign Act is likely to provide a boost to e-business. It is widely accepted that the E-Sign Act will at least speed up the pace at which e-commerce transactions such as setting up a stock trading account or applying for insurance take place. In fact, in some cases, the transaction time will be cut down from days to mere minutes. An additional side-effect of the new law will be a reduction in paperwork, particularly in businesses such as financial services, estate and government agencies. This is expected to produce a significant cost savings rippling throughout the economy.

In addition, the E-Sign Act is expected to have a particularly profound effect on companies that produce e-sign technology. These companies and

companies that produce e-sign technology. These companies and various technologies have been functioning up to now in a climate where "early adopters" used electronic signatures regularly. Now, with the federal government's stamp of approval and a set of new rules to govern electronic signatures, this type of technology is expected to be adopted quickly into the mainstream.

The new law was careful not to favor any particular type of technology for electronic signatures. Therefore, analysts expect a continuation of the scramble for market share among e-sign technology companies. A wide range of different technologies already exist to allow "signature" electronically. These range from the use of encryption techniques for coded terms to pen styluses for use on special digital pads to thumbprints or images of the signer's eye. Which "signature" method ultimately is favored will depend upon ease of use, security and cost.

Prior to passage of the E-Sign Act, forty-six states and a number of foreign countries already had laws dealing with electronic signatures and records. Therefore, the immediate effect of the E-Sign Act will be difficult to calculate. However, having a federal law not only serves to validate the technology but also eliminates confusion by overriding the sometimes conflicting patchwork of pre-existing state laws.

The E-Sign Act goes into effect generally on October 1, 2000. However, there is an exception for all records required to be retained under federal or state statute, regulation or other rule of law. In those cases, the effective date is March 1, 2001. Because of the wide scope of the exception, the true impact of the new law is not going to be felt in the e-commerce community until March 1, 2001. However, once the law is in full effect, we should all buckle our seatbelts because the e-commerce train will likely begin to travel at higher speed.

[ Top ]

[Home](#)

[Practice Areas](#)

[About Us](#)

[Library](#)

[Terms/Conditions](#)

[Contact](#)

Copyright Stone Law Associates, Inc. 2004

1      **RELATED APPEALS AND INTERFERENCES APPENDIX**

2      There are no related appeals nor interferences.

**This Page is Inserted by IFW Indexing and Scanning  
Operations and is not part of the Official Record**

**BEST AVAILABLE IMAGES**

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

- ☐ **BLACK BORDERS**
- ☐ **IMAGE CUT OFF AT TOP, BOTTOM OR SIDES**
- ☐ **FADED TEXT OR DRAWING**
- ☐ **BLURRED OR ILLEGIBLE TEXT OR DRAWING**
- ☐ **SKEWED/SLANTED IMAGES**
- ☐ **COLOR OR BLACK AND WHITE PHOTOGRAPHS**
- ☐ **GRAY SCALE DOCUMENTS**
- ☐ **LINES OR MARKS ON ORIGINAL DOCUMENT**
- ☐ **REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY**
- ☐ **OTHER:** \_\_\_\_\_

**IMAGES ARE BEST AVAILABLE COPY.**

**As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.**